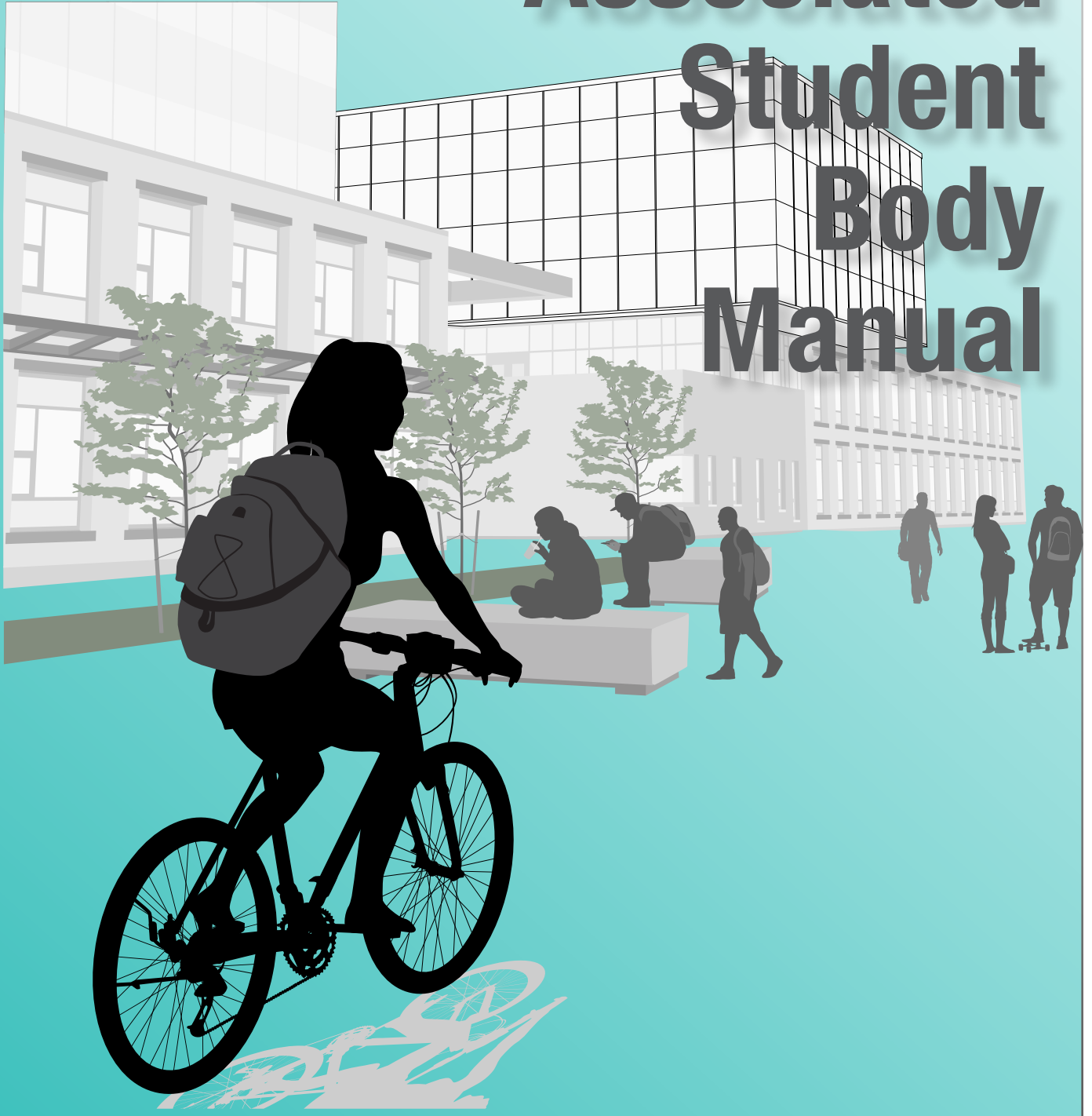


FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Community College Associated Student Body Manual



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Foreword

The Fiscal Crisis and Management Assistance Team (FCMAT) is proud to present the *FCMAT Community College Associated Student Body Manual* (FCMAT Community College ASB Manual).

Established in 1991 by the Legislature as an independent and external state-funded entity, FCMAT helps California's local educational agencies fulfill their financial and managerial responsibilities by providing fiscal advice, management assistance, professional development, software and products, resources, and other related school business services. FCMAT's work ranges from the state policy level to the operational level at schools. This manual is an example of FCMAT's direct support, assistance and leadership to community colleges statewide.

This *FCMAT Community College ASB Manual* is designed for community college administrators, associated student body (ASB) leaders and members, ASB advisors, fiscal services administrators, office managers and accountants, ASB bookkeepers, secretaries, faculty, students, and others who are responsible for student body activities. This manual responds to the increased demands on today's college leaders to augment funding for students and schools while maintaining fiscal accountability, transparency and accuracy.

The goal of the manual is to answer questions in many areas concerning ASBs, including laws, accounting, purchasing, student stores, vending machines, food sales, clubs, internal controls, and overall roles and responsibilities. It will be especially helpful to new employees and those recently given ASB responsibilities. Readers are guided systematically through the major steps to initiate and maintain an effective student body program for community colleges.

This manual is a guide to successful student body business management in a complex environment. It focuses on the wide range of decision-making authority of student councils, suggests useful tools and procedures, provides practical advice, and indicates legal constraints in specific areas. Most importantly, the *FCMAT Community College ASB Manual* suggests the right questions to ask and how to assess the answers.

FCMAT will continue to publish periodic revisions to this manual. Suggestions about how to improve this document and make it more useful are always welcome.

FCMAT acknowledges the many people who have taken part in producing this manual and keeping it updated so that it remains useful in the field. Their time, dedication and shared expertise have been invaluable.



Michael H. Fine, Chief Executive Officer
Fiscal Crisis and Management Assistance Team

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Chapter 1 – Introduction

California law allows students in California’s public schools to raise money and make decisions about how they will spend this money. Student organizations established to raise and spend money on behalf of students are called associated student body organizations, or ASBs. At colleges, the student council is more commonly referred to as associated students (AS) and is typically a college’s student government and represents the students’ rights and interests. AS approves student clubs and organizations. A college’s student life office works collaboratively with AS, student clubs, campus departments, colleagues, and the community to bring together many of the cocurricular experiences a college offers. In this manual, the term public school or school also means a community college, and a public school official or school official also means a community college official. Also in this manual, ASB will be used to refer to the associated student body as a whole, and AS or student council will be used to signify the student governance body.

ASBs

ASBs must be made up of current students and be located at the college where the funds are maintained. The funds raised and spent by student organizations are called associated student body funds or ASB funds. College officials, parents and the general public often think of ASB funds as small proceeds from voluntary student fees and a few bake sales, magazine sales, dances, or car washes each year. However, in many cases, ASBs can raise significant funds for student organizations. An ASB at a college may raise millions of dollars a year.

Associated student body organizations and the management of ASB funds present students with opportunities not only to raise and spend money but also to learn the principles of operating a small business and to acquire leadership skills while contributing to their school and fellow students and improving their own educational experience. As students and employees work together to plan projects and activities, students also learn project planning and many other skills.

It takes work and management by many individuals to ensure that an ASB is operated correctly. This manual provides guidance on how to run a successful ASB organization and to inform college business office staff, school administrators, ASB and activity directors, fiscal administrators, office managers and accountants, ASB bookkeepers, secretaries, students and others who are responsible for student body activities.

ASB and Student Council Terminology Used in This Manual

Colleges use different terms to describe the overall ASB and student council. Associated Student Body, or ASB, typically refers to all students at the college but also means the organization that supports and approves all student club activities. Generally, if funds are raised for student club activities, those funds are deposited and spent out of the club’s account within the ASB financial accounting system.

In colleges, the student council may also be called Associated Students (AS), student leadership, or student senate. The student council is part of the ASB, may operate as its own club for special fundraising specific to the student council, and oversee all of the student clubs

in the college. More information about the student council is discussed below in Chapters 2 and 4.

Intent of the ASB Manual

Each of this manual's 28 chapters includes one or more critical areas in the administration of ASB. The manual is intended to be a comprehensive guide to student organization operations and was written for those involved in ASB operations. It includes checklists, sample forms and procedures, which may be copied directly from the manual or the FCMAT website to modify for an entity's use. Although the manual is oriented to community colleges, all guidance related to internal controls and best business practices can also be used by foundations, auxiliary organizations, athletic programs, and other school-connected organizations.

Colleges can use this manual to achieve successful ASB operations because it:

- Covers the policies, procedures, and internal controls ASBs should have when administering ASB funds and includes sample forms and procedures.
- Can be used as the basis for a college's comprehensive board policy and administrative regulations, or the governing board can adopt a policy that requires employees to adhere to the guidance in the manual.
- Is sufficiently comprehensive to guide both college business office and school employees if the college has not produced its own manual for ASB operations.
- Includes information on effective oversight and support from the college business office.
- Can be used as the basis for annual training either by a college business office or by a trainer from outside the college.
- Includes sample forms in most chapters to help colleges as they develop their own standard forms and procedures for communication and audit purposes.

ASB Laws

Because few laws govern ASB and current laws do not provide guidance for all ASB operations, the procedures in this manual extend beyond the law and official regulations to include information based on good business practices, sound internal controls, and the practices of successful ASB operations in California's community colleges.

Educational entities with successful ASB operations have the following:

- Comprehensive board policies and administrative regulations regarding ASB operations that provide guidance beyond what is in the law, including college procedures, best practices, and internal controls. Comprehensive board policies and administrative regulations are the single most important addition to ASB operations and serve as additional local laws the college should follow that specify what the governing board allows or prohibits.
- In addition to this manual, a comprehensive and user-friendly ASB handbook or other reference that has guidance for day-to-day activities, including describing in detail the college's allowable and prohibited ASB fundraisers, expenditures, and activities.

- A significant level of oversight and support from the college business office. The business office is responsible for effective ASB operations and the internal control system.
- Annual training for all employees and students who work with ASB operations.
- Standard processes and procedures at all college locations. All college locations should operate using the same forms and procedures.

Importance of Board Policy

This *FCMAT Community College ASB Manual* may be adopted as board policy or administrative regulations, or may be adopted to supplement a college's existing board policy or administrative regulations regarding student organizations and school-connected organizations. Sample administrative regulation language for this is as follows:

General and accounting procedures for the operation of the student body will be followed as detailed in the *Fiscal Crisis and Management Assistance Team (FCMAT) Community College ASB Manual* and college board policy and administrative regulations. If the college develops and adopts its own ASB manual, handbook, or list of allowable and prohibited ASB activities and transactions that differ from those in the *FCMAT Community College ASB Manual*, the college's documents shall prevail.

This type of language gives a college clarity and the flexibility to follow its own policies and procedures when they differ from those in the *FCMAT ASB Manual*. Chapter 25 – Sample Board Policies and Administrative Regulations includes examples of board policies and administrative regulations. FCMAT has created an example Administrative Regulation for Student Activity Funds. It is shown near the end of Chapter 25 and is titled, FCMAT Recommended Administrative Regulation - Student Activity Funds.

Guidance, Standardization, and Training

Many issues can occur with ASB funds and operations if they are not managed correctly. In contrast to other funds that the college usually receives in the form of checks or wire transfers, most ASBs may accept funds in numerous forms including credit card, other electronic payments and, in many cases, cash. It is always easier for fraud, abuse, or human error to occur when dealing with cash, so internal controls are extremely important. However, internal controls over ASB funds are often overlooked or found to be inadequate.

Other issues arise as a result of decentralized student fundraising and operations by many individuals and groups throughout the college, without adequate communication, guidance, and standardization. In addition, employees and students involved in ASB are often asked to use proper accounting procedures and internal controls even though they are not accountants and have probably received little or no guidance or training about the importance of correct procedures and controls and what could occur if they are not followed. Communication, standardization, training and oversight are essential to ensure that the correct processes and procedures are followed.

Local communities, parents, and other members of the public often pay close attention to ASB issues and are typically sensitive when they occur. The media are also often quick to report on ASB issues because the funds are raised by students and for students.

The college, under the direction of the business office, is ultimately responsible for how ASB funds are administered and spent. ASB funds are public funds. The independent audit of the ASB is a component of the overall college audit, which is overseen by the business office. Thus, board policies, administrative regulations, procedures and internal controls must start with the college business office. This includes proper oversight and training of all those associated with ASB operations and student funds.

There is no universal or statewide master list of allowable and prohibited ASB transactions, activities, fundraisers, and expenditures. Each college's governing board determines what is best for their college and ASB, and is ultimately responsible for all ASB operations. The *FCMAT Community College ASB Manual* offers significant guidance on what is typically allowable and prohibited, as well as best practices.

If the *FCMAT Community College ASB Manual* is adopted in college board policy, then the guidance, best practices, and lists of allowable and prohibited activities, fundraisers, and expenditures discussed in the manual become part of the rules followed by the college.

The college's administrators are responsible for establishing and monitoring the procedures used to carry out the policies and regulations adopted by the governing board. If robust ASB policies and regulations do not exist, FCMAT recommends developing policies that can assist with future ASB questions. Comprehensive board policies, administrative regulations, board-approved manuals, handbooks, and/or lists of what is allowable and prohibited are the cornerstone of sound practices in student organizations.

Chapter 2 – Roles and Responsibilities – Administration of an ASB

Many individuals and entities are involved in administering and supervising the activities of student organizations.

The State of California

The State of California is responsible for establishing the laws and regulations that govern the activities of local educational agencies (LEAs), including student organizations. Examples of LEAs are community colleges, school districts, charter schools, and county offices of education. The Legislature writes the laws, and state agencies enact regulations based on those laws.

The State Board of Education adopts regulations through a formal rule-making process. These are codified in Title 5 of the California Code of Regulations for community colleges/postsecondary education. The California Department of Education (CDE) and LEAs develop policies to implement the laws and regulations. For community colleges, the California Community Colleges Chancellor's Office (CCCCO) is the oversight agency.

No one state agency monitors the operations of ASB organizations. Rather, the state relies on colleges' governing boards, and typically a governing board relies on a college business office, to ensure that ASB activities are carried out in compliance with the law and in accordance with the college's board policies, administrative regulations, manuals, handbooks, and other internal policies and procedures. This is reviewed during a college's annual independent audit performed by an external certified public accountant (CPA) firm.

The Governing Board

The governing board of a community college is ultimately responsible for the organization, including the activities of student organizations.

Under Education Code (EC) 76060, the governing board has the authority to approve the formation of a student body organization in the college. This means that governing boards are not required to allow student body organizations to exist. Some colleges have chosen to stop student fundraising and student organizations because of continuing and severe noncompliance issues, poor internal controls, and in extreme cases, fraud.

Title 5 of the California Code of Regulations, Section 51023.7 (5 CCR § 51023.7) directs community colleges to give students the opportunity to participate in college governance, as follows:

The governing board of a community college district shall adopt policies and procedures that provide students the opportunity to participate effectively in district and college governance. Among other matters, said policies and procedures shall include the following:

- (1) Students shall be provided an opportunity to participate in formulation and development of district and college policies and procedures that have or will have a significant effect on students. This right includes the opportunity to participate

in processes for jointly developing recommendations to the governing board regarding such policies and procedures.

Importance of Board Policy and Administrative Regulations

In assuming the authority the Education Code gives them, governing boards establish parameters for college operations through board policies and administrative regulations.

Board Policy and Administrative Regulations Govern ASB

A college's governing board will adopt policies, and staff leaders will develop and approve administrative regulations to provide added detail and implementation of each policy. Typically, the college business office will offer input on a policy for the governing board's approval and be the creator of the administrative regulations, including ASB procedures, manuals, handbooks, as well as lists of allowable and prohibited activities, transactions, fundraisers, and purchases. These policies and regulations should specify the following:

- Whether a student body organization may exist at the college.
- How the student body organization will be established.
- How the organization's activities will be supervised.
- How the organization's finances will be managed.
- Which types of activities, fundraisers, transactions, and purchases may be allowed or prohibited.

All Board Policies and Administrative Regulations Apply Equally to ASB

Board policies and administrative regulations applicable to all other college operations apply equally to an ASB. Examples of these are as follows:

- Purchasing guidelines (e.g., allowable uses of blanket or open purchase orders).
- Scholarships (such as the criteria for consideration, establishment of selection committee, and treatment of unclaimed funds).
- Travel and reimbursements (both in and out of state).
- Donations (e.g., student donations to charitable organizations).
- Procedures for checks returned because of insufficient funds (NSF checks).
- Guidelines for school-connected organizations.
- Allowable and prohibited fundraisers.
- Student awards.

Authority of the Governing Board Over Student Decisions

Students raise funds for the benefit of the student body and can make decisions about the funds (with co-approval from an administrator); however, when there is a conflict, governing board policies and administrative regulations override ASB decisions because ultimately the funds are under the governing board's authority.

The College President

The president of a community college is responsible for ensuring that board policies are implemented and that staff 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.

The president should communicate and make certain of the following:

- 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.

Documenting delegated authority is important to define who may act on behalf of the governing board. Sometimes a board will delegate its authority to the college president, who will then delegate that authority to an administrator such as the president or vice president of student services or dean of student services. In other cases, the vice president of student services or dean of student services may further delegate their authority to the ASB advisor or student activities coordinator. Because the designee position can vary, this manual will refer to the designated individual as the administrator responsible for student services.

- All employees are familiar with and understand the importance of following all policies established by the governing board, including those regarding ASB. The business office should also ensure that staff responsible for ASB operations are aware of board policies, administrative regulations, procedures and manuals that apply to ASB. Even students in the student council, club leadership, and those involved in club operations, should be trained on applicable college policies and administrative regulations.
- All employees understand the importance of any concerns noted in the annual audit. Audit findings should be discussed with all college locations collectively, regardless of where the finding occurred.
- Immediate action is taken to investigate any allegations of impropriety involving ASB funds. Appropriate action is taken if the allegations are confirmed.

The Business Office

The college business office staff are responsible for general oversight of student body activities. In this capacity, the business office should do the following:

- Serve as a resource and answer questions from the college campuses.
- Develop and update the college's ASB manual, handbook, and lists of allowable and prohibited activities, fundraisers, transactions or purchases, or other materials based on input from the schools, student organizations and college auditors. Questions asked throughout the year and the findings noted by the auditors should also be taken into consideration when updating the college's manual, handbook, and other lists and materials.

- Provide training at least annually on the college's ASB manual, procedures, and board policies and administrative regulations. This includes providing new employees and student council members with copies of the college's ASB manual, other materials, and training during the year.
- Make periodic visits to college campus locations to review the procedures in operation and answer questions. It is good practice to visit each college campus at least once a year and more often if the college appears to have problems or continues to have repeat audit findings.
- Obtain and review financial reports from the college locations at least quarterly, and sign and date those reports to indicate they have been reviewed.
- Regularly (preferably monthly) review, sign, and date all bank statements reconciled to the general ledger for all ASB accounts at each college.
- Work with the colleges to respond to problems and audit findings noted by the auditors in the annual audit, and develop corrective actions to resolve the issues.
- Follow up on all issues related to administering student organizations.
- Work directly with the college dean or other college administrator to help answer questions and correct procedural deficiencies.
- Develop accounting procedures for recording and controlling the student body organization's financial transactions.
- Periodically review procedures to make sure they conform to prescribed accounting protocols; take into consideration any input from college employees, student leaders, and college auditors when updating policies and procedures.

The Vice President/Dean of Student Services/Administrator

The vice president/dean of student services/administrator is usually the most important authority when it comes to managing a student body organization. Regardless of the college programs offered or the size of the campus, the vice president/dean of student services/administrator is directly responsible for student body organization financial activities and must make sure that they conform to established laws, policies and procedures that affect the student body, including those specific to the college. Sometimes this responsibility is further delegated to a program manager or other administrator.

Many student body management functions may be further delegated to other staff members, such as a program manager or program coordinator, depending on how the college is organized, unless board policy or law prohibits such delegation.

Organized ASBs

All college ASBs are defined as organized. In organized ASBs at the college level, the responsibilities of the administrator responsible for student services are different than in secondary schools because college students are usually over the age of 18 and are adults. They are also typically more active in governing the ASB activities. In college ASBs, the administrator responsible for student services and other designated school employees provide oversight.

Organized ASBs in high schools require adult supervision at all times. In colleges, students are adults and are not required to be supervised unless there is board policy requiring supervision. As adults, unless there is governing board policy, administrative regulation, ASB constitution or bylaw, or other college-mandated rules or regulations that require students to be supervised by the administrator, students may conduct activities without supervision. A college needs to establish board policy and/or administrative regulations that govern when or at what activities supervision is to be required; it can make this a requirement for all activities and events, or for specific activities and events as listed in policy or regulation.

To achieve the best outcome for student activities and to monitor for student safety, FCMAT recommends requiring supervision at all activities. Supervision is 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.

For purposes of this manual, depending on how each college is structured, oversight of AS and ASB clubs may be provided by various board-designated administrative positions. The titles and responsibilities of such positions may vary and can include the following:

- Vice president of student services.
- Dean of student services.
- Student activities coordinator.
- AS program manager.
- AS, ASB, or student council advisor.
- ASB Faculty club advisor (advisor).

As mentioned earlier, because the titles of the college employees responsible for ASB matters vary, this manual will refer to this individual simply as the administrator responsible for student services. Each college should substitute the title or title of its individual or individuals who have responsibility for administering all aspects of its ASB and clubs.

The administrator responsible for student services is typically responsible for the following major duties, many of which may be delegated to an ASB advisor, student activities coordinator, or program manager:

- Communicating the college's policies and procedures and student organization bylaws to the employees and students, and enforcing the policies, procedures, and bylaws.
- Ensuring that a student council is established, that it approves all new clubs, and that every club and the student council has a faculty advisor. Because the student council is part of the ASB, it too should have its own constitution and bylaws and operate the same as a club, keeping minutes and preapproving its own expenditures and fundraisers. The student council may create its own subaccount(s) within the general ASB trust account to separately track activities, and may even conduct its own separate fundraising if needed.
- Supervising the ASB advisor(s) or student activities coordinator, or AS or student council program manager.
- Reviewing and approving constitutions for each club on campus.

- Making certain that minutes are kept of all ASB/student council and club meetings.
- Supervising the ASB bookkeeper or similar position. This position will perform financial tasks related to ASB, maintain adequate records of ASB activities, deposit funds in the bank or with the college bursar, pay invoices, reconcile monthly bank statements, and prepare monthly financial statements.
- Receiving and reviewing the monthly bank reconciliation prepared for the ASB bank account and any other financial information and statements for the ASB funds, including budgets and financial reports.
- Ensuring that all ASB funds are raised and spent in accordance with applicable laws and the college's policies and procedures, and approving the use of the funds before they are spent (the assigned ASB advisor or student activities coordinator or program manager, and the student representative of the club spending the funds, must also approve the use of the funds).
- Deciding how many fundraising events will be held each year and, before approving them, ensuring that they are appropriate for the students and the community.
- Scheduling and receiving proper approval for fundraising events.
- Working with the college business office to provide training, implement good business practices, ensure internal controls, and resolve audit findings.
- Working with each student organization to develop methods for securing cash collected after hours and on nonschool days.
- Ensuring that proper cash control procedures are established and followed at all times.
- Reporting any suspected fraud or abuse to the college business office.

The administrator responsible for student services may typically delegate some or all of these activities to a school employee such as an ASB advisor or student activities coordinator, program manager, or faculty member.

The ASB Advisor

In community colleges, each student club should have an advisor; this is in addition to the student activities coordinator/program manager/advisor who is typically responsible for the general ASB or student council (also known in many colleges as associated students, student leadership or government, or student senate). Every ASB advisor, whether for a specific student club or the student council, must be a qualified faculty member of the college as described below and must be aware of all laws, policies and procedures that affect the student body, including those specific to the college, to ensure they are followed. The advisor acts as a liaison to the faculty, administration, student body, and community in matters related to ASB, and keeps the administrator and employees apprised of the organization's activities. Without a faculty advisor, a student council or club cannot function or raise or spend funds. An advisor must be a qualified faculty member of the college. In contrast, the term "board designee" in this manual indicates a position that typically has ASB oversight responsibilities and the authority to approve transactions, but may not be an advisor.

Certificated Requirement

Community colleges do not require faculty members to have teaching credentials. Instead, under the regulations of the Board of Governors, a faculty member's qualifications are used to determine whether an individual has sufficient expertise to teach in a particular discipline. Regardless, the applicable code sections regarding ASB and club funds, last amended in 1995, continue to refer to the student body organization's designated advisor as the "certificated employee."

Definition of Certificated or Credentialed Instructor

The requirements for a community college advisor are broader than for transitional kindergarten through grade 12 (TK-12) schools. A community college advisor is a credentialed instructor, but credentialed status is determined by how a college defines a teacher or instructor. Often, a college may require a professor or teacher or instructor to have a master's degree; however, this can vary by college. Nevertheless, to be an instructor at a college, the instructor must meet a college's minimum qualifications to teach. For purposes of establishing who can be an ASB advisor, the terms teacher, instructor, or professor are considered faculty. If an instructor or faculty member meets the minimum qualifications, they may also be an ASB advisor. For example, an auto mechanic program instructor may not possess a master's degree or teaching credential but possesses the college's minimum qualifications because they have sufficient automotive knowledge for the college to employ them as an instructor.

Definition of Qualified Faculty Member

A faculty member may be an individual with a teaching credential or a master's degree, or may be a subject matter expert who is determined to be qualified and meets the minimum qualifications for faculty and administrators as defined by the Board of Governors. A comprehensive list of minimum qualifications is available in the California Community Colleges Chancellor's Office Handbook, Minimum Qualifications for Faculty and Administrators in California Community Colleges. The handbook describes the history of minimum qualifications and disciplines list as follows:

The complete disciplines lists with revisions that were adopted by the Board of Governors were designed to replace the system of credentials that was in force until June 30, 1990. The relevant sections of the California Education Code were adopted by the Legislature in September 1988, as part of AB 1725, the community college reform bill.

Significant amendments were made by AB 2155 and SB 1590 of 1989, SB 2298 of 1990, and SB 343 of 1993. Faculty internship programs were authorized by SB 9 of 1991. The disciplines lists used to implement the minimum qualifications for credit instructors, counselors and librarians are incorporated by reference into the California Code of Regulations.

Education Code 76063(e) states in part:

The funds shall be expended subject to procedures that may be established by the student body organization subject to the approval of each of the following three persons, which shall be obtained each time before any of the funds may be expended: an employee or official of the community college district designated

by the governing board, the certificated employee who is the designated advisor of the particular student body organization, and a representative of the particular student body organization.

The certificated requirement is also found in Title 5 of the California Code of Regulations, Section 5531 (5 CCR § 5531), which states the following:

All social activities of pupils, wherever held, if conducted under the name or auspices of a public school or of any class or organization thereof, shall be under the direct supervision of certificated employees of a district or an office of a county superintendent of schools.

Depending on the size and complexity of a college, the employee or official the governing board designates may be the vice chancellor, business and financial services, or the chief financial officer (CFO), or the vice president of student services. And this individual, where allowed, may in turn designate someone to serve as advisor. This may be the dean of student services or the student activities coordinator. The certificated employee who is the designated advisor of the particular student body organization is a college faculty member. The representative of the student body organization is a student of the general ASB or student council, or of a club or class group.

Nonfaculty May Assist

This Education Code provision does not allow nonfaculty, such as classified staff, volunteers, or other nonfaculty individuals, to participate in authorizing expenditures. It also defines the board designee (often the vice president of student services) and certificated employee (i.e., teacher, instructor, or faculty member) as the only two persons who may authorize expenditures. The college president or their designee, such as the vice president of student services, has administrative oversight responsibilities for the ASB at each college.

The club advisor role carries with it fiduciary duties such as attending all ASB activities, providing supervision to ensure student safety, and ensuring all relevant laws, policies and procedures are followed. The faculty club advisor cannot delegate these duties to an employee who does not meet the minimum instructional qualifications outlined above. However, noncredentialed individuals may act as an assistant to the club advisor. Nevertheless, as stated in the Organized ASBs section above, to achieve the best outcome for student activities and to monitor for student safety, FCMAT recommends that students be supervised by at least one administrator/advisor at all activities.

To clarify who may be an ASB advisor, colleges should define the minimum qualifications in governing board policy or administrative regulations.

Accountability and Penalties for Misconduct in Administering ASB Funds

Certificated Employee

A faculty member who is the designated ASB or student council advisor, or a club advisor, serves in a fiduciary role because they share responsibility for overseeing fundraising, accounting, depositing, and expenditures of ASB/club funds. Careless stewardship of student funds is serious misconduct and can warrant disciplinary action. Moreover, a faculty member's

misappropriation or theft of ASB/club funds can trigger criminal charges and/or dismissal for dishonesty and immoral conduct under EC 87732.

Education Code 87732 defines many forms of misconduct applicable to any faculty employee, including but not limited to administrators, faculty club advisors, vice president of student services, dean of student services, student activities coordinator, AS program manager, and student council advisor. FCMAT considers at least four of these forms of misconduct to be applicable to the operation and oversight of an ASB:

- Unprofessional conduct.
- Dishonesty.
- Unsatisfactory performance.
- Persistent violation of, or refusal to obey, the school laws of the state or reasonable regulations prescribed by the government of the community college, by the state board of governors, or by the governing board of the community college that employs them.

Examples of ASB-related misconduct may include the following:

- Not following or enforcing college board policy, administrative regulations, or ASB club bylaws.
- Not following or enforcing Education Code provisions, such as a failure to preapprove all expenditures and fundraising activities.
- Not implementing adequate internal controls, including poor training of employees and a lack of oversight.

Classified Employee

A classified employee who helps with ASB activities, performs oversight, or is part of the operations, accounting, or other internal control systems also serves in a fiduciary role because they share in the responsibility to oversee fundraising, accounting, depositing, and expenditures of ASB/club/student council funds. As with a faculty employee, careless stewardship of student funds is serious misconduct and can warrant disciplinary action. A classified employee's appropriation or theft of ASB/club funds can trigger criminal charges and/or dismissal for dishonesty and immoral conduct under EC 87732.

Education Code 87732 defines many causes for dismissal of an academic or regular employee, as described above.

Responsibilities of the Administrator Responsible for Student Services

An administrator responsible for student services' responsibilities should include the following:

- Providing guidance and direction, and being knowledgeable about how ASBs operate so legal responsibilities are understood.
- Overseeing the election or selection of officers and committee chairs, as well as ensuring that they understand and carry out their duties.
- Approving expenditures along with the student representative and the board designee.
- Ensuring that the clubs meet and keep minutes.

- Reviewing with the students all budgets, financial reports and transactions.
- Working with the students when preparing the annual budget and revenue projection estimates.
- Ensuring that only valid, preapproved expenditures are made and authorized from the different clubs' funds.
- Ensuring that every club has a constitution and follows it.
- Providing supervision to ensure student safety and compliance during ASB activities.
- Ensuring that student organizations secure in a designated safe any cash collected after hours and on nonschool days.
- Ensuring that proper cash control procedures are established and followed at all times.
- Reporting any suspected fraud or abuse to the college business office.

The administrator responsible for student services, in this example the ASB advisor, is often directly responsible for all of the functions listed above and ensures that all required procedures are followed. The administrator responsible for student services works directly with students in clubs and with the student council on a day-to-day basis, supervising the activities of the student council and the clubs and serving as a link from the student council and the clubs to the ASB bookkeeper.

When any ASB organization or club holds fundraising events, the administrator responsible for student services is responsible for ensuring that adequate planning and internal controls are established and that all of the funds are properly accounted for and given to the ASB bookkeeper with all the necessary paperwork at the end of an event. The advisor will mainly oversee students doing their tasks. Regardless of the age or experience of the students in the organization, it is important that they be involved as much as possible in the various responsibilities so that student body activities serve not only as fundraisers but also as learning opportunities.

Additional duties of the ASB advisor include the following:

- Helping students prepare the annual budget and revenue projection estimates for fundraisers.
- Ensuring that adequate internal controls are in place.
- Ensuring that all laws, policies and procedures are followed.

Multiple Club Advisors

Multiple or co-club advisors are allowed and can provide additional flexibility to ensure club activities always have an advisor in attendance. A club advisor and any additional or co-advisors may be from other campuses in the same college district, though it is best if they are from the same campus as the club. If they do not already do so, college board policies, administrative regulations and/or a club's bylaws should be amended to allow for multiple club advisors, with the additional advisors named in the application to form the club.

The ASB Bookkeeper

At each college, an employee is responsible for maintaining the accounting records for the ASB funds and safeguarding the funds at the college until they are received at the bank. Colleges may have various departments or services that perform the duties of the ASB bookkeeper, such as the bursar's or treasury office, a standalone system with an employee whose only responsibility is to maintain the accounting records for student organizations, or other systems required by the college business office. This manual uses the term ASB bookkeeper to describe the person(s) responsible for systems used to account for ASB funds.

Regardless of which employee is assigned to be ASB bookkeeper, or the exact title or classification, the ASB bookkeeper is responsible for ensuring that the following occur:

- When receipted funds are properly counted, confirmed, documented and then turned over to the ASB bookkeeper, all ASB funds are safeguarded while at the college until they are deposited in the ASB bank account in a timely manner (within a few days of receipt).
- Adequate financial records are prepared and maintained for all ASB financial transactions in accordance with established policies and procedures.
- Expenditures are approved before any spending and payment is made, but only after receiving documentation of expenditures, which should include but not be limited to preapproved purchase orders, invoices, packing slips, and student council minutes.
- The bank reconciliation is completed each month.
- Materials are provided to ASB advisors for fundraisers, and stock is kept on hand (e.g., change box, receipt books, tickets).
- Purchase orders, payments, and invoices are processed.
- Laws and the college's policies and procedures related to ASB funds are followed.
- Business policies, procedures and internal controls related to ASB, such as those for accounting, purchasing, budget, and payroll, are known and followed.
- Any suspected fraud or abuse is reported to the administrator responsible for student services or the college business office.

The ASB bookkeeper position is often perceived as a simple bookkeeping position, but it is more than that. The ASB bookkeeper also acts as a controller and is the gatekeeper for student funds. The ASB bookkeeper must be strong-willed enough to refuse and disallow deposits, reimbursements or other transactions when policies and procedures are not followed. They also must be able to discern when they may need to consider accepting a deposit rather than turn away students or others who are carrying funds in an unsecure manner.

The ASB advisor and the bookkeeper must work together and support each other in keeping their duties separate and taking appropriate actions when policies and procedures are not followed.

The Student Council

In colleges, a student council (also called AS, leadership, or student senate) must oversee all of the student clubs at the college. The student council represents the students and has primary authority over student funds, with guidance from, and adherence to, college policy. Typically, a college's student life office helps coordinate with the student council.

A successful student council will understand and respect the value of advisor and student participation; everyone needs to participate and work together for success to occur.

The student council's main responsibilities include the following:

- Developing and adopting the annual budget for the student council.
- Authorizing the budgets for all student clubs.
- Authorizing fundraising events for all student clubs, with additional authorization from the administrator responsible for student services if required at that college. In some colleges, the student council is not given this authority; rather, it is notified of what the administrator responsible for student services has approved.
- Approving expenditures, in addition to approval from a board designee and the ASB advisor. In some colleges the student council will approve all club expenditures before the club's purchase order/preapproval form is signed and authorized by the club; in others, the student council approves club expenditures after the club purchase order/preapproval form is signed and authorized by the club; and in still others it does not approve any expenditures for student clubs but is informed of them. The student council must approve its own expenditures before spending occurs.
- Reviewing financial reports and bank reconciliations from all student clubs.
- Approving new clubs (in addition to approval from the administrator responsible for student services).
- Approving any student council committee members for other functions, such as head of lighting and sound.
- Approving the student council's policies and procedures and determining how student council members will perform their duties, as well as the consequences for nonperformance of duties.

The Independent Auditors

ASB funds are public funds and are included in the college's audited annual financial statements. As such, ASB funds are subject to the audit requirements established in EC 84040. The college's independent auditors, who perform the annual financial audit of the college, are also responsible for auditing ASB funds and student activities as part of the annual audit. The auditors scrutinize the ASB funds and, if they identify a problem or significant weakness in how ASB funds were managed during the school year, they will report the weakness to the college's vice chancellor of business and financial services or chief financial officer (CFO). Any material findings will be included in the final annual independent financial report as an audit finding. Each finding will be accompanied by the auditor's recommendation for how to correct the weakness. The college must provide a written response to the audit finding and the auditor's

recommendation and must develop an action plan to ensure that the finding does not occur again.

Audit findings, concerns, or recommendations present an opportunity to improve, and an action plan should be developed and followed to ensure the finding is not repeated in subsequent years. If a finding occurs at one college site but not another, it is important that all individuals involved with ASB at all locations know what the findings are so that their own operations can be reviewed and adjusted if necessary. This helps prevent the audit finding from being repeated in future years at any college site. Audit findings should be used to strengthen operations throughout the college, with follow-up to ensure issues do not recur.

The auditors can also be used as a resource throughout the year when questions, internal control concerns, or unique issues arise. Because the auditors are familiar with the college's operations and with student body operations at other colleges, they can provide valuable advice and insight.

If there is a suspicion that fraud may be occurring, the college may contract with the auditors or other agencies to investigate the possible fraud and provide a written report.

The Food Service Program

Sales of food and food services at colleges are specific to what is allowed in board policy and administrative regulations. Colleges may have board-adopted rules and regulations that apply to food sales for ASB fundraising. In some colleges, the ASB's relationship to a college's food service program may be thought of as competitive; however, the two programs should work together because both benefit the same students. Some colleges have culinary programs that operate out of the cafeteria, offering additional food items. Because a college's food service program may have many options allowed by board policy or other rules and regulations, the administrators of the food service program should be considered experts and partners who can help guide the ASB regarding what is allowable

Food Sales Rules and Regulations

Where applicable, because food and nutritional standards may change and because governing board policy and federal and state laws may apply, student groups and administrators should become familiar with the college's competitive food and nutritional rules, if any. These rules may include whether food vendors are allowed on campus, allowable hours of operation, and what can be sold. Other questions related to bake sale fundraisers and noncompetitive food sales, including whether certain items can be prepared on site, can best be answered by the food service administrators and staff. They can often help ensure that all food sales remain in compliance and that students are being served safely and correctly. There may be food-related laws and regulations that were not developed by the food service program. If relevant laws are not followed, the college can be penalized. There may be relatively few laws specific to colleges, but state and local county and city laws and ordinances, and possibly college board policies and administrative regulations, may apply to food sales and preparation. Many of these laws are related to safe food preparation, handling and storage, and are centered around measures to prevent food-borne illnesses. Having a good relationship with the college food service administrators and staff is the first step in answering all food-related questions specific to ASB fundraisers and sales.

Groups That Should Not Administer or Supervise Student Organization Activities

School-Connected Organizations: Booster Clubs, Foundations, and Auxiliary Organizations

The relationship between student organizations and school-connected organizations such as booster clubs, foundations and auxiliary organizations is often confusing. Student organizations are legally part of the college, but school-connected organizations are not.

Nonstudent organizations are established to support the community college and its students, and they may raise funds and donate these funds to the college or purchase items with their funds to donate to or to help the college. However, they are separate legal entities. Funds raised by school-connected organizations should not be deposited into or commingled with the college's or its student organizations' funds or bank accounts; rather, they should be deposited into the school-connected organization's own bank account. These organizations may donate funds to the ASB, but once they have done so the ASB decides how to use the funds, following college board policy, procedures, and applicable laws. It is essential that student groups and school-connected organizations keep their activities and funds separate even though they are supporting the same students.

More information on this subject is contained in [Chapter 20](#).

Chapter 3 – Laws and Regulations

This chapter provides a brief overview of the sections of the California Education Code, Title 5 of the California Administrative Code, California Constitution, Internal Revenue Code and the Penal Code that affect ASB operations. Links to legal codes are included in [Chapter 24](#) of this manual.

In addition to state laws and regulations that must be followed, there should be local college board policies, administrative regulations and procedures that define how ASBs are to be managed and operated. To run a successful ASB, all individuals involved with the ASB need to be familiar with the laws and the local college policies and procedures that govern the ASB.

State and federal laws and local college policies, procedures and administrative regulations are subject to continual review and change.

Laws and Regulations Overview

Education Code

The California Education Code is one of the state's 29 legal codes and is the primary body of law for college governance. ASB management is referenced in many of the Education Code's provisions, which go through a formal legislative process before being signed by the governor and chaptered into law. These laws are also known as statutes.

California Code of Regulations – Title 5

A regulation is a rule adopted by a state regulatory agency to implement, interpret, or make specific the law enforced or administered by it, or to govern its procedure. The California Code of Regulations (CCR), also known as the California Administrative Code, has the force of law.

Regulations in the CCR are adopted by a state regulatory agency, approved by the California Office of Administrative Law, and filed with the secretary of state. The CCR is separated into 28 sections called titles. The education section is known as Title 5.

Penal Code

The Penal Code is the primary body of law regarding crimes and criminal activity. The portions of the Penal Code related to games of chance, such as lottery and bingo, are important to ASB operations.

Health and Safety Code

The Health and Safety Code is the main body of law that addresses health, safety, environmental law, healthcare, and narcotics. Portions of the Health and Safety Code include alcohol and drug programs, and buildings used by the public, including school buildings. More relevant to ASB operations are local health ordinances adopted by cities and counties that apply to food preparation and sales.

Revenue and Taxation Code

The state Revenue and Taxation Code (RTC) identifies what constitutes a sale and what is subject to state sales tax. According to this code, ASBs must pay sales tax on what they buy and sell, with some exceptions. [Publication 18](#) of the [California Department of Tax and Fee](#)

Administration (CDTFA) provides guidance on the taxability of sales by nonprofit organizations, including ASBs.

Internal Revenue Code

Although ASB operations are not guided by the Internal Revenue Code (IRC), if faculty or other adults conduct fundraising independent of the ASB or an approved school-connected organization to make donations to the ASB or to increase class budgets, that income may be considered taxable for those who raise it. ASBs use the college's Employer Identification Number or Federal Tax Identification Number and thus have nonprofit status because they are part of a government entity. Therefore, there is no need for an ASB to file tax documents. The United States Tax Code is available online.

California Constitution

Local legislative bodies such as school boards have broad authority to make expenditures of public funds (e.g., for food, clothing, or awards). Education Code (EC) 70902(a)(1) states the following:

Every community college district shall be under the control of a board of trustees, which is referred to herein as the "governing board." The governing board of each community college district shall establish, maintain, operate, and govern one or more community colleges in accordance with law. In so doing, the governing board may initiate and carry on any program, activity, or may otherwise act in any manner that is not in conflict with or inconsistent with, or preempted by, any law and that is not in conflict with the purposes for which community college districts are established.

The legality of any expenditure is determined by the "gift of public funds" provision in the California Constitution, Article XVI, Section 6.

Gift of Public Money to an Individual - Gift of Public Funds

This constitutional provision prohibits making any gift of public money to any individual (including public employees), corporation, or other government agency. It states, ". . . the Legislature shall have no . . . power to make any gift, or authorize the making of any gift, of any public money or thing of value to any individual . . . whatever . . ."

Public Funds Expended for a Direct and Substantial Public Purpose

Expenditures of college funds must be for a direct and primary public purpose to avoid being a gift. An approved public purpose must be within the scope of a college's authority and purpose.

It is also well established that expenditures of public funds that involve a benefit to private persons (including public employees) are not gifts within the meaning of the California Constitution if those funds are expended for a public purpose. This means that public funds may be expended only if a direct and substantial public purpose is served by the expenditure and any benefit to private individuals is only incidental to the public purpose. To justify the expenditure of public funds, a college's governing board must determine that an expenditure will benefit the education of students at its college(s). Expenditures that most directly and tangibly benefit students' education are more likely justified. Expenditures driven by personal

motives are not justified even if they have been a longstanding local custom or are based on benevolent feelings.

Board Policy Regarding Public Purpose of Expenditures

If the college's governing board has determined that a particular type of expenditure serves a public purpose, courts will almost always defer to that finding. Thus, if the college has board policy stating that specific items are allowable (e.g., scholarships, donations, or homecoming flowers), there is more certainty that the expenditure might be considered allowable. Unless such a policy exists, examples of items that would be usually considered a gift of public funds include flowers, candy, advertisements for private award ceremonies, and donations to charity.

Importance of Good Business Practices

The laws and regulations that govern ASB activities and funds are not comprehensive enough to provide guidance for all situations that arise. Thus, although this manual conforms to the laws and regulations, it also provides guidance in areas where formal legal guidance is inadequate or nonexistent. This supplementary guidance is based on sound business practices, internal controls, and effective procedures used by successful colleges throughout California.

Board Policy and Administrative Regulations

Because only a limited number of laws and regulations in the Education Code, Penal Code, California Constitution and California Code of Regulations identify parameters for ASB operations, a significant amount of local discretion is needed. The governing board has final authority over everything that occurs in the college, including ASB operations. This includes the authority to decide whether ASB organizations will exist at the college and, if so, how all ASB operations and activities will be supervised. It also includes ensuring that clear guidelines and processes are developed to enable ASB organizations to operate efficiently and effectively for the benefit of students.

The recommended procedure for providing these guidelines and processes is for the governing board to develop and adopt clear and understandable board policies and administrative regulations, as well as its own college ASB manual. Alternatively, the college may choose to adopt the FCMAT ASB Manual, supplemented by the college's own board-approved handbook or list of allowable and prohibited activities, fundraisers, expenditures, and other items.

Because most ASB operations relate directly to business management functions, the college's chief financial officer should take a lead role in ensuring that the college has board policies and administrative regulations regarding the operation and management of the organization's finances. In addition, all individuals involved with the ASB should receive training at least every two years on ASB laws, policies, regulations, internal controls and good business practices. All new ASB administrators, bookkeepers, advisors and others with ASB responsibilities should receive similar training within the first four months of working with ASB. The college business office should take the lead in ensuring that this training is provided. ASBs must be made aware that college policy applies to them, and people involved in ASB must understand that college board policies and administrative regulations provide an additional set of rules that ASB organizations must follow. All college board policies and administrative regulations that apply to general college operations also apply to ASB, unless there is a policy stating otherwise.

Local school leaders should be encouraged to suggest innovative ASB practices, ASB fundraisers, and ASB management operations that will promote the general welfare, morale, and educational experiences of students. Successful ASB management is a collaborative effort between and among students, student leaders, teachers, activity directors, advisors, college leaders, college employees, and the college’s central office.

Recommended Legal Background Knowledge

Colleges must ensure that ASBs comply with laws that address ASB operations. Consequently, college administrators and ASB advisors must understand the provisions of the law. Links to California legal codes are included in [Chapter 24](#) of this manual.

These laws and regulations cover three major areas related to ASB operations:

- General Guidance.
- Fundraising Activities.
- Food Sales in Schools.

The following summary gives a brief overview of the Education Code applicable to community colleges:

Overview of Applicable Education Code

Education Code 76060	<p>Grants the governing board the authority to allow groups of students of a community college to form a student body organization. Also discusses the purpose and privileges of student body activities.</p> <p>More than one student body organization may be authorized by the governing board if it finds that the daytime students and the evening students each need their own student body association, or if geographic circumstances make having one association impractical or inconvenient.</p> <p>The community college may assume responsibility for the ASB activities if the student body association is dissolved. If this occurs, an employee who was employed to perform such ASB activities shall become a member of the classified service of the district in accordance with Education Code 88020.</p>
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<p>Education Code <u>76060.5</u></p>	<p>If a student body association is established, a student representation fee of \$2 shall be collected together with all other fees before or at the time of registration.</p> <p>The student representative fee shall be collected by the college, deposited into a separate fund, and kept in the care of the chief financial officer of the college. The money collected shall be expended to support governmental affairs representatives of local or statewide student body organizations who may be stating their positions and views before city, county and district governments, and before offices and agencies of state government. One dollar of every \$2 fee collected shall be expended to establish and support the operations of a statewide college student organization, recognized by the Board of Governors of the California Community Colleges, with effective student representation and participation in state-level community college shared governance and with governmental affairs representatives to advocate before the Legislature and other state and local governmental entities. The college may retain an administrative fee of up to 7%.</p> <p>A student may refuse to pay the student representation fee. The college shall provide the student with a means to refuse to pay the fee on the same form that is used for collection of fees.</p>
<p>Education Code <u>76061</u></p>	<p>For a student to be elected an officer in student government, they must be enrolled at the college at the time of the election and throughout their term with a minimum of five semester units and must meet and maintain the minimum standards of scholarship prescribed for community college students.</p>
<p>Education Code <u>76062</u></p>	<p>Grants the governing board the authority to authorize student organizations to conduct activities, including fundraising activities.</p>
<p>Education Code <u>76063</u></p>	<p>Gives guidance on where the ASB organization may deposit or invest its funds.</p> <p>Requires that ASB funds be spent subject to procedures established by the student body organization and with the prior approval of three people: an employee or official of the community college district designated by the governing board, the ASB advisor (must be a certificated/faculty employee), and a student representative of the ASB organization.</p>
<p>Education Code <u>76064</u></p>	<p>Provides guidance on uses of student funds, such as loans to other ASB organizations in the community college or investing money for permanent improvements to community college district property.</p>
<p>Education Code <u>76065</u></p>	<p>Requires the governing board to provide for the supervision and auditing of the ASB funds.</p>
<p>Education Code <u>76067</u></p>	<p>Allows student political organizations affiliated with a political party on the State of California ballot to hold meetings on a community college campus and to distribute bulletins and circulars about the meetings, provided that there is no endorsement of the organization by school authorities and no interference with the college district's regular education program.</p>
<p>Education Code <u>72673</u></p>	<p>Applies when a student body organization is formed differently than described in the above Education Code provisions related to community college ASBs; the organization is instead called an auxiliary organization, with different rules and guidelines.</p>

Penal Code 319	Defines lotteries. A subsequent opinion from the California attorney general states, "The elements of an illegal lottery are consideration, prize and chance."
Penal Code 320	States that any person who contrives, prepares, sets up, proposes or draws any lottery is guilty of a misdemeanor.
Penal Code 320.5	Establishes that California public schools are not eligible to participate in lotteries or games of chance.
Penal Code 326.5	Authorizes bingo games run by charitable organizations but states, "No minors shall be allowed to participate in any bingo game."

Taxes

In general, student organizations (and educational agencies) must pay sales and use tax for all items purchased and consumed by the organization. There are, however, some exceptions, such as when sales are irregular or intermittent. Further details are included throughout this manual.

Tax-Exempt Status and Donations

Because student organizations are legally part of a college, they are exempt from income tax just as the college is because of its status as a governmental organization. The college is not a private 501(c)(3) nonprofit organization, but it enjoys tax-exempt status because it is a government entity. As further described in the section in Chapter 12 titled, Tax-Exempt Status and Disclosure Requirements, colleges, and by extension the ASB, have nonprofit, tax-exempt status because they are governmental entities as described in Title 26, Internal Revenue Code, United States Code, Chapter 1, Section 170: "Charitable, etc., contributions and gifts" (21 USC 170). Therefore, donations to the college are considered tax-deductible.

Many external organizations that donate to a student organization will request a tax identification number because they assume that this number is needed to claim a tax deduction on their annual income tax return. A college's tax identification number is not needed for any donor to claim a deduction and should not be given out unless the college business office allows disclosure. Government organizations are not required to share their tax identification numbers. All requests for the tax identification number should be forwarded to the college business office, unless the college's departments and/or ASB have been provided with a letter to send out when asked for this information.

However, being exempt from income tax does not automatically exempt ASB and school-connected organizations from sales or use tax. Additional information about sales and use tax is available in Chapter 11 – The Student Store, Chapter 18 – Cash Disbursement Management and Procedures, and Chapter 20 – School-Connected Organizations; each of these chapters has a section titled Sales and Use Tax.

Chapter 4 – Forming an ASB

Community colleges can form student organizations. The goal of student organizations is to raise money for extracurricular activities beyond what the college can provide. Community college ASBs are not classified as either organized or unorganized in the Education Code or other references; however, they should and do operate as organized ASBs because of the age of the students and the large amount of funds typically raised, so they should follow all processes and procedures in this manual.

Organized ASBs: Community Colleges

Community college students organize their activities around student clubs and a student council. College administrators and advisors should provide oversight for all ASB club activities.

College ASBs normally have individual clubs under the main student body organization, each with its own focus and organizational requirements. Students in organized ASBs are primarily responsible for their organizations: the student council and student club leaders hold formal meetings, develop budgets, plan fundraisers, decide how the funds will be spent, and approve payments. The students make the decisions and have primary authority over the funds; the school administrators, ASB bookkeeper and club advisor(s) assist, advise and coapprove student decisions.

It's All About Students

Student body organizations exist for students. It's all about students:

- Fundraising.
- Participating.
- Doing.
- Learning.
- Experiencing.
- Making decisions.

Employees associated with student body organizations are important to the success of students, but the organization exists because of students, and students must be involved every step of the way.

Student Council

At colleges, the student leadership represents the rights and interests of the college's students and is typically known as Associated Students (AS) or student council. These terms are used interchangeably. The student council is composed of the student leaders, who are selected by their fellow students and who are responsible for the decisions they make and are advised on. The role of the ASB advisor, student activities coordinator and administrator responsible for student services is not to make the student council's decisions but to guide and advise the student council and the individual student clubs so they follow the laws, regulations, college board policies and administrative regulations, and club constitutions and bylaws.

The student council approves student clubs and organizations. The college's student life office works collaboratively with the student council, student clubs, campus departments, colleagues, and the community to bring together many of the cocurricular experiences a college offers.

The Will of the Students Versus Denial of Student Decisions

The administrator responsible for student services and the student council advisor should understand that the will of the students should come first unless there is a specific conflict with laws or regulations, college policy, student safety, school culture, or other specific reason to deny an event, expenditure or other student council or club decision. Denial of a student council or club decision should not occur simply because the administrator responsible for student services or student council advisor or club advisor dislikes or disagrees with the decision; a valid reason is required.

New ASB Clubs Should Submit a Formal Application

To promote good governance, the administrator responsible for student services should require students who wish to form a new club at the college to submit a formal application that has the endorsement of the faculty member who agrees to serve as the club advisor for the entire school year. The Education Code requires that an advisor be a qualified faculty member of the college (see [Chapter 2](#)). Additional information that should be gathered includes the title, powers and duties of the officers, the manner of their election, the scope of proposed activities, and the name of the organization. The [Application for Student Club](#) form at the end of this chapter can be used for this purpose.

Non-ASB Clubs, Student Groups, Teams, and Other Groups of Students

If a club, student group, team, or other gathering of students does not want to be an official ASB club, the administrator responsible for student services may allow them to operate outside of ASB as long as they follow any locally-established rules for such an activity. Some colleges allow non-ASB groups that do not fundraise or spend money to operate outside of ASB; however, once they fundraise and spend money, the college requires the students to become a formal club that is part of ASB.

All Clubs Must be Approved

All clubs, even those formed for students to do activities together (e.g., chess or checkers) rather than fundraising, should be approved by the administrator responsible for student services, even though there are no fundraisers or other financial activity planned. This is so that there are no student club meetings on campus that the administrator responsible for student services has not approved or allowed, which is more of a liability issue than a financial one. The same [Application for Student Club](#) form can be used.

Although it is not required that a college do so, some colleges choose to require an application from all ASB organizations annually so that there is a clear record of current officers, members and advisor, and to ensure that the most current constitution, bylaws and budget are on file. Keeping this information current is a sound practice that can be accomplished simply by using the sample [Club Information Sheet](#) form, or the [Application for Student Club](#) form, provided at the end of this chapter.

Constitution

The student council and each club should prepare and adopt an official constitution that is written to be clearly understood. The constitution is a written document that defines how a council or club is organized and sets forth the fundamental laws and principles under which it will operate. It should include an organization's name and purpose, and explain membership qualifications, how officers are elected, how often meetings will be held, what types of committees will exist, procedures for suspension or dissolution or closure of the ASB or club, and other related information. The constitution presents the framework within which the organization will operate and should clearly state all of the policies and rules for student governance of the student organization or club. It will define the general purposes and outline the council's or club's organization and administration.

Appointing Officers in Lieu of Student Elections

A college administrator may not appoint ASB officers in lieu of student elections. Students serve as officers in a voluntary capacity and should therefore not be appointed. The constitution should describe what to do when students are not interested in serving as officers and only a few or no students campaign for election.

If there is no guidance in local governing documents, the college administrators should consider conducting another or second election as soon as reasonably possible so that officers can be selected. It is important that the college highlight the upcoming election and communicate the need for candidates. This includes the various benefits of serving in such a capacity (e.g., gaining leadership experience, exposure to the budget process). Once students learn there are vacant positions in ASB, they may take a renewed interest in the elections and in student council or club leadership. If there is insufficient interest by the students, it may be necessary to postpone elections, the formation of clubs, and other ASB activities until there is sufficient interest.

Student Council and Club Activities Without Leadership or Advisors

If there is no student council or advisor, no new clubs can be formed, because the student council is one of the approvers of new clubs. This also means that funds held in the general ASB account and its subaccounts cannot be spent, because the students are the primary preapprover of expenditures and a required signer of any ASB purchase order. The same is true for other ASB clubs. If there is no leadership or advisor in the club, that club cannot spend its funds or fundraise.

Bylaws

Bylaws are the rules adopted by the student council, each club or class group, or other approved group for its own meeting or affairs and will usually change more often than a constitution does. Bylaws usually identify operational parameters, parliamentary authority for meetings, election speech and campaign specifications, balloting procedures, specifics on the time and location of meetings, and other related items. The bylaws are often part of the constitution rather than a separate document.

Minimum Contents of Constitution and Bylaws

At a minimum, the constitution and bylaws should include the following:

- The name of the organization.
- The purpose or mission of the organization.
- The powers of the organization, and when the administrator responsible for student services has the right to veto.
- The type of activities the organization will conduct.
- The membership requirements for the organization, including qualifications and eligibility requirements. Restrictions should be spelled out clearly.

For any group of students that wishes to form a club based on specific criteria, the ASB constitution and/or bylaws, as well as board policy and administrative regulations, should provide guidance regarding how those clubs may be formed. Although clubs should be organized to support student interests, colleges should take great care not to allow the establishment of requirements or criteria that may be or may appear to be discriminatory.

Generally, to the extent a college is open to student clubs, it must be open to all student-led and student-run clubs. However, whether an ASB club may allow restrictive criteria for participation, especially criteria related to the race or ethnicity of a student, is highly questionable and not recommended. The legality and appropriateness of such a restriction must be carefully considered and thoroughly vetted. When criteria may be considered restrictive or discriminatory, a college's should consult its legal counsel for further guidance.

- The definition of quorum.
- How the constitution is adopted and amended.
- Information on the officers and meetings.
- Information on elections including the time, methods and procedures for nomination, campaigns, and election of members.
- The titles and terms of office of the officers.
- Descriptions and duties of officer positions.
- How officers are elected and installed, as well as qualification and eligibility requirements.
- Whether or not the organization will be represented on the student council.
- How representatives other than officers will be selected.
- The qualifications for eligibility on the student council.
- The term limits on the student council, procedures for removal of officers, and procedures for filling vacated offices.
- How the club advisors will be appointed.
- The time, frequency, and place for regular and special meetings.
- Whether parliamentary procedure will be followed, as well as who may veto the organization's proposals or actions.
- How and when the budget is prepared.

- How expenses are approved.
- The budget approval process and information about how the budget will be monitored and updated.
- The types of financial statements and reports that will be generated and distributed.
- How committees will be appointed, a description of any standing committees, and provisions for forming special committees if needed.
- How clubs within the student body organization will be formed, including their purpose, method of organization and discontinuance; financial activities; and requirements for constitution and/or bylaws.
- How a student becomes a member of the ASB or club, including any attendance or other requirements for full ASB or club membership and participation. Such a requirement may be necessary to prevent sudden or temporary club participation by students who otherwise may not be interested in the club, such those who may want to join simply to participate in one activity or event but have little or no interest beyond that. When considering attendance and other participation requirements, keep in mind that students in the organization should not be discouraged from attending activities, regardless of their club attendance or participation in fundraising.

Sample constitutions and bylaws for community college ASBs and clubs are included in [Chapter 22](#) of this manual.

Amendments to the Constitution or Bylaws

Once the constitution and bylaws have been approved, they apply to that ASB student council or club; they should be adhered to and can be amended as needed. All constitutions should include a procedure for how the articles and bylaws can be amended. After a change has been proposed and a draft prepared, the student body should review and discuss the issues before taking a final vote. The standard practice is for proposed amendments or revisions to require a two-thirds vote of the student body or club, but the constitution should specify the requirement.

Student Organization and Club Trust Accounts

To become a recognized part of the student body organization, a club, like the student council, must be composed entirely of enrolled students. These clubs, also known as trust accounts for financial purposes, must have the approval of the student council and the administrator responsible for student services, at the governing board's direction.

Club Formation

All clubs should follow regulations in the ASB constitution and bylaws related to the formation of college clubs. Any group of students may apply for permission to form a club by submitting an application (as discussed above), a proposed constitution, bylaws, a budget, and any other required documents. A group of students is typically two or more.

Some colleges' new club application procedures include attending a new club workshop, having at least six college students who are currently registered for at least five units, ensuring that club officers have a minimum 2.0 cumulative grade point average, finding an advisor who completes an advisor orientation, and having a representative attend interclub council (ICC)

meetings. An ICC is typically recognized and funded by the ASB and consists of representatives from all campus clubs. Its purpose is to provide a forum for clubs to discuss ideas and upcoming events, vote on funding proposed events, and collaborate on student issues. Some ICCs have a form of finance committee or ways and means committee, the purpose of which is to oversee the ICC's funds, which may be used to help fund club events. ICC funding is typically separate from ASB funding of club events.

The student council's 'ASB constitution and bylaws should specify the steps required to form a club. Each club's constitution and bylaws should specify what is needed to conduct club activities. The constitution and/or bylaws of the student council/student leadership should include at least the following:

- Number of students needed to establish a club.
- Number of members needed to elect club officers.
- Number of officers.
- Number of members required to attend meetings and/or activities.
- Number of officers needed to establish a quorum (e.g., two-thirds of the officers).
- Guidance on the closure or dissolution process.

Typically, meetings are governed by *Roberts Rules of Order* or by *The Standard Code of Parliamentary Procedure* by Alice Sturgis and require that a quorum of officers be present for a meeting to be held. The difference between the two documents is that *The Standard Code of Parliamentary Procedure* is shorter and is an alternative to *Robert's Rules of Order*; however, *Robert's Rules of Order* is more well known. The standard chosen to govern ASB meetings should be indicated in the ASB or club bylaws.

Types of Trust Accounts

There are generally three types of ASB trust accounts in colleges: those for class groups, scholarships and memorials, and clubs.

- Class groups are those such as the first year or second year college class or the class of 20XX, not academic classes such as math, language arts or science. Only ASB class groups are accounted for within the ASB, and they operate similarly to clubs, with an approved club application, constitution, bylaws, and credentialed/faculty advisor. In college ASBs, the students of the class group are the primary decision-makers for all activities and fundraisers: they preapprove purchases, prepare budgets, maintain meeting minutes, and so on. If a class group is formed for a specific graduation year (e.g., class of 20XX), it ceases to exist and is dissolved upon graduation.
- Scholarships and memorials are both forms of scholarships. ASB fundraising may be approved to raise funds to create a scholarship, or outside organizations or individuals may donate funds to the ASB for scholarships. Scholarships have many components and are subject to board policy, administrative regulations, ASB bylaws, and college business office guidelines. For more information about scholarships, see the sections titled, "Scholarships and Trusts" in Chapter 8, "Donations of Scholarships to an ASB Organization" in Chapter 12, and "Scholarships" in Chapter 14.

- Clubs are the most common trust account. All clubs are trusts and have their own individual account within the ASB financial system. Student council is also considered a club and has its own trust account, and that account is typically titled “General ASB” in the ASB financial system.

Funds in the general ASB account are under the direction of student council and are typically used to benefit the overall student body. When students in the student council determine that they want to spend funds on student council-specific purchases (e.g., shirts, field trips, training) they should raise funds separately for those purchases and not use general ASB funds. A separate trust account for student council should be created to track student council-specific fundraising and expenditures.

ASB Accounting for Trust Accounts and Subaccounts

Clubs, class groups, student council, ICC, and scholarship and memorial trust accounts may, depending on the ASB accounting software’s capabilities, include subaccounts or special program classification tracking to further account for activities. Subaccount tracking of activities is common for student councils that may choose to track specialized or unique fundraising and spending within their account. Examples of categories that are often under the control of the student council are the student store, newspaper, student leadership, ICC, and dances. Some student councils consider college newspaper sales part of student council fundraising while other schools may consider the college newspaper to be its own club.

Club Requirements

All clubs (also known as trust accounts), except for scholarship accounts, must be composed of currently enrolled students located at that campus, formed as outlined in the student council ASB constitution and college governing board’s requirements. Students must play a major role in the club, and each club or class group must have the following:

- An approved constitution and bylaws that outline the club’s purpose, policies, rules, and operational parameters.
- Regular, formal meetings that include approval of prior meeting minutes.
- A qualified faculty ASB club advisor.
- Elected student officers.
- An approved budget.
- All expenditures approved in advance by authorized individuals.

The Education Code requires that the club advisor be a certificated employee of the college where the ASB resides. All clubs operate under the same regulations and have the same requirements as the student council organization, and clubs will report to the student council.

Non-ASB Clubs or Accounts

If a group does not meet the club requirements listed above, it is not a club and should not be accounted for or included in the ASB account. Non-ASB accounts or funds, including but not limited to pass-through or clearing accounts, may be accounted for at the college level using an approved accounting system chart of accounts or other account codes set aside for local designations.

Non-ASB activities should not be accounted for in the ASB financial records. All funds deposited into the ASB account become the property of the students. This includes fines, fees, and any other funds a college may deposit into the ASB account. Colleges should be careful to ensure that only funds that should belong to the students are deposited into the ASB account. All other revenue should be deposited into a separate account outside of ASB.

Administrator Responsible for Student Services Approves Non-ASB Clubs

There are no statutory restrictions that prevent students from meeting outside of ASB. There are instances when a group of students simply want to meet, such as to discuss student life issues or play chess, and no fundraising or expenditures will occur during the year. In these instances, the administrator responsible for student services should determine whether to approve these non-ASB clubs or activities. In colleges, the student council is often involved through the student life office in approving the activities of non-ASB clubs or other school-connected organizations. The administrator responsible for student services should determine whether to approve non-ASB clubs and whether there will need to be minutes of student meetings, including the purpose of the meetings, the meeting frequency, location, and supervision.

If students intend to raise and spend funds and/or establish a formal leadership structure, they should organize under ASB and apply for recognition as an ASB club.

Sports and Athletic Clubs

There are multiple options for properly accounting for sports and athletics, either within ASB or as a separate program.

Athletics Within ASB

The college may choose to operate athletics as a club within ASB, subject to all rules and criteria applicable to all ASB clubs. Athletics in ASB may be organized as one athletics club for all sports or as multiple clubs, with one club for each sport.

Regardless of the organizational structure within ASB, each club must have its own constitution and bylaws, certificated/faculty advisor, budget, minutes, and other required elements. Students must be the primary decision-makers. This includes preapproval of all expenditures by a student representative, club advisor and an employee or official of the college designated by the governing board (e.g., administrator responsible for student services).

A club advisor should be at all events and activities, including games and practices, so it is acceptable to name multiple qualified faculty advisors on the club application and constitution to ensure an advisor is always present. Volunteers, walk-on coaches and other college-approved individuals may be allowed to assist, but they cannot be the club advisor and cannot be left alone with students; an official club advisor must be present. However, most college students are age 18 or older and thus are adults. As adults, these students may conduct activities without supervision, unless there is governing board policy, administrative regulation, ASB constitution or bylaw, or other college-mandated rule or regulations that requires they be supervised by the administrator. Nevertheless, to achieve the best outcome for student 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.

Athletics as One Club for All Sports

When all athletics are structured as one club, each sport should be accounted for as a subaccount of the main athletics club. To ensure that each sport is represented, each sport in the athletics club should elect at least one delegate or commissioner to be a member of the club's student leadership. Each sport should account for its funds separately but as a component of the total club budget. The athletics club should have one constitution and one set of bylaws, at least one budget, and one set of minutes. Minutes may be combined for all sports activities and decisions, or separated to document decisions for each specific sport.

If the campus athletic director is a certificated/faculty employee of the college, that person may also serve as the club advisor.

Athletics as One Club for Each Sport

When structured separately, each sport operates as its own club with its own constitution and bylaws, qualified faculty advisor(s), budget, minutes, and other required elements.

Athletics Outside of ASB

If all the rules for trust fund accounting of ASB funds cannot be followed, those funds should be moved to a college-approved non-ASB account. If athletics is not operated as an ASB club or clubs that meet the ASB criteria, the following options are available:

Use of the College's Accounting System and County Treasury Bank Account

The college may choose to operate athletics separately from ASB using the college's accounting system and county treasury bank account, as administered by the college business office. Deposits and other athletics revenue should be remitted to the college business office for deposit with the county treasurer, and checks should be issued using the college's purchase order and warrant system. The ASB bookkeeper may continue to provide accounting for athletics but should use the college's accounting system to do so.

If this option is selected, the college should develop governing board policies, administrative regulations and an athletics manual or guide that specifies how funds will be accounted for, the approval processes, and all other procedures that athletics should follow.

Use of a Separate Accounting System and Bank Account

The college may choose to operate athletics outside of ASB using a unique school accounting system and bank account. As with ASB, the athletics accounting system and bank account should be authorized by the college business office. The accounting may continue to be performed by the ASB bookkeeper using the ASB accounting software and a chart of accounts separate from ASB, or may use a different accounting software independent of the ASB.

If this option is selected, the college should develop governing board policies, administrative regulations and an athletics manual or guide that specifies how funds will be accounted for, the approval processes, and all other procedures that athletics should follow.

How To Close Out Athletics Balances from ASB

The processing of any expenditure in ASB is the same, even for closing out athletics from ASB. All expenditures must be preapproved with an ASB purchase order and identified in the club minutes. It is best to also update the athletic club budget.

The athletics club should document in its minutes its approval and anticipated closure of the club balance, and its moving of athletics funds to an outside account or college account. If athletics is not operating as an ASB club, doing this is often difficult because typically the adults are making all decisions, and the club's students are not actively participating. The best practice is for the athletics club's students to be involved in the approval process to close out balances. If they are not, then the student council may have to act as the athletics club surrogate. Regardless of whether the athletics club or the student council is responsible for closure, FCMAT recommends taking the following steps:

Step One

Review the athletic club bylaws for any closure procedures and follow those. If there are no bylaws describing closure, athletics may not be formally recognized as a club and likely does not have closure procedures, but it is recommended to confirm. To proceed, the role of the athletics club should be determined.

If athletics is operating as an approved club, then only the athletics club should follow the steps below, unless the college business department or student council has additional procedures.

If the athletics students are not active in operating the club, then there are no official student representatives to participate in the closure process, which means that all aspects of closure become the responsibility of student council.

If the athletics club is not a formally approved club with an approved constitution, bylaws, and application, then it is not a club. If it is not a club, its funds may fall under the authority of student council.

But if students are operating the athletics club and consider themselves a club even though they are not approved as a club, then both the athletics club students and the student council should complete the steps below.

Step Two

Amend the athletics club and/or student council budget(s) to include the closure of the athletics club, and estimate the amount of the check to be written. The estimate may be incorrect depending on when the account will be closed, but at least amending the budget will further document the students' awareness of and budgeting for the closure of athletics.

Step Three

The students in the athletics club and/or student council should discuss, document and approve the closing of the athletics account in the club minutes.

Step Four

Create a purchase order in the athletics club or student council that identifies that it is to close out athletics and that lists the payee as the college or other college-approved entity. The purchase order should be signed by the athletic club and/or student council student

representative, the club advisor, and the administrator responsible for student services. If the athletics club student representative is not available to sign the purchase order, then the student council representative and advisor should sign. This process adds more signatures to the purchase order but is also more transparent should anyone questions the moving of the funds.

Step Five

Record in the athletics club and/or student council minutes the purchase order number and amount of balance to transfer. Depending on each college's purchase order procedure, the purchase order may be recorded in the minutes before or after it is signed.

Step Six

The bookkeeper processes the approved purchase order check as they would any other check.

General ASB/Student Council – Fundraising and Use of Funds

As a general rule, clubs should conduct fundraisers rather than use the ASB student council's money to fund their operations. All ASB funds, including those of the student council, are raised for specific purposes as outlined on the fundraiser approval and revenue potential forms. In the case of the student council, those funds are typically raised by a larger group of students and should therefore benefit as many students as possible rather than a specific club or specific subgroup of students. Nevertheless, some colleges' student councils have a process by which clubs may apply directly to the student council or ICC for certain amounts and types of funding.

Individual Versus Ongoing Fundraisers

Each year, the student council should develop its own budget, supported by a fundraiser approval form and revenue potential form for each fundraiser. Fundraisers may be individual events or may be ongoing over the course of an entire school year. Any activity or event that produces revenue is considered a fundraiser. Typical student council fundraisers vary. Individual activities may be separate fundraisers or may be collectively considered one fundraiser for the year. The same is true for a student store or other ongoing sale activity: all sales may be considered one fundraiser for the entire year, or specific sales may be considered individual fundraisers. All revenue potential estimates may be compiled to transfer the estimated revenue and expenditures into the student council budget.

Use of ASB Student Council Funds

Common uses of ASB student council funds may include school spirit T-shirts and other gear for all students, student store supplies, and other items that benefit a large group of students. Uses that are generally prohibited, unless there is existing board policy or administrative regulations allowing them, include supporting individual clubs and other expenses that do not benefit a large group of students. Using student council funds to support a single club or class group can have unintended consequences because it may prompt other clubs or class groups to look to the student council in the future for assistance with expenditures instead of fundraising. Generally speaking, both ASB club and student council funds should always be used for the purpose for which they were raised and approved.

New Club Startup Grants

Student council funds may be used to help newly formed clubs with a startup grant. Ideally, a college's board policy, administrative regulations or the ASB constitution and bylaws should permit such a practice. Absent local policies that allow this practice, the student council could choose to allow club grants by formally approving each grant individually.

When this is allowable, startup funds should be available to all new clubs that request them. The amount should be nominal, such as \$200, and grants do not typically have to be repaid. New club startup grants should be budgeted for annually in the student council budget (see other sections of this manual regarding student council loans to clubs that must be repaid).

Inactive Clubs and Club Dissolution

All ASB club trust accounts are part of ASB. If a club becomes inactive, chooses to dissolve, or no students remain in the club, any remaining funds typically revert to the ASB student council unless directed otherwise in college board policy, administrative regulations, or the club's or ASB's constitution or bylaws. Before the club becomes inactive or dissolves, the club's students could also decide to transfer any remaining assets, such as funds or equipment, to another club within the same ASB. It is best if the college's board policy, administrative regulations or the ASB constitution and bylaws define what should be done with the funds of a club that has become inactive or dissolved (for example, funds should be transferred to the student council).

Inactive Clubs

College board policy, administrative regulations and/or the ASB constitution and bylaws should define what constitutes an inactive club (e.g., any club that has no financial activity or meetings for more than 18 consecutive months). If college board policy, administrative regulations, or the ASB bylaws or constitution are silent about inactive clubs, it is appropriate for the student council to decide on the use of the funds after a reasonable amount of time has passed, such as 18 consecutive months as mentioned above. If possible, the funds should be used for the same or similar purpose for which they were originally raised. If that proves too difficult because the club is now inactive and the original purpose for which the funds were raised is no longer valid, the funds should be used in a way that will benefit the most students in the receiving club or at the campus if transferred to the student council.

Club Chooses to Close or Dissolve

Similar to an inactive club, if a club chooses to dissolve and the students of the club are not available, unless there is college board policy or administrative regulations in place, the club bylaws or constitution should contain guidance on the closure or dissolution process for a club, as well as how any remaining assets such as cash or equipment should be handled. If the club bylaws or constitution or the college's board policies and administrative regulations do not define what needs to occur to close or dissolve a club, it is allowable for the general student council to decide the most appropriate use of the funds.

If a club chooses to disband and the students of the club are available, that decision and the specifics of how any remaining assets are to be disbursed (e.g., given to the student council or another club) should be recorded in its meeting minutes. The students in the club should make these decisions.

Assuming funds or equipment remain, a detailed accounting and inventory should be performed to ensure an accurate transfer to the general ASB or another club. Any transfer of funds or equipment should be preapproved using a purchase order and authorized by all necessary signers. If possible, any transferred funds should be used for the same or similar purpose for which they were originally raised. If that proves too difficult because the club is now dissolved, the funds should be used in a way that will benefit the most students in the receiving club or at the college if transferred to the general ASB.

Disposal or Sale of Equipment — Active, Inactive and Dissolving Clubs

If a club has become inactive or the dissolving club no longer has any members to make decisions, the disposition of any remaining equipment should be transferred by the same process that is used when there are remaining funds. The equipment becomes the property of the designated receiving club or ASB student council.

If a club has not dissolved, the club may choose to sell its equipment as a fundraiser or donate the equipment to another club within the same ASB. The equipment may also be donated to the student council at the same school campus. If the equipment is sold, the club may use the proceeds as indicated on its approved fundraiser approval form. When the equipment cannot be sold, the club should follow college board policy regarding surplus equipment procedures. The sale of surplus items is discussed later in this manual.

For all other sales of ASB equipment, the club should consult with the college business or purchasing office. If a sale of the equipment is not possible, or if the governing board has provided no guidance on the disposition of ASB equipment, the ASB should consult with the college business office and legal counsel.

Changing a Club's Name

Club name changes are not common but may be made in certain circumstances. Each club is named in the club's constitution, and the process for making amendments should be described in the club's bylaws. Typical club bylaws include a section that states the amended bylaws should be readopted by both the club and student council. The standard practice is for a club name change to require a two-thirds vote for approval.

When a name change is being considered, the club advisor and officers should first determine whether they intend a simple name change or whether they intend to create a new club with a new purpose and abandon the existing club. If the constitution and/or bylaws do not provide guidance regarding name changes, the club should adopt a resolution declaring the intent to change its name and present the resolution to the student council for approval. The resolution should include the following:

- Statement of intent to change the club's name.
- Existing club name.
- Proposed new club name.
- Why the change is necessary.
- When the change becomes effective.
- Confirmation that the club advisor and officers will remain unchanged.

- If a new club is being formed, the process to transfer unspent club funds and other assets to the new club and close the dissolved club.
- Approval by the student club representative, club advisor, student council representative, and administrator responsible for student services.
- Date the resolution was approved and recorded in the club minutes.

If the club plans to change more than its name (e.g., club purpose, leadership structure), the club should refer to its constitution and bylaws for further guidance.

Merging Clubs

In a college ASB, when the students of two or more clubs decide to merge, there are several options to consider. In all cases a joint resolution should be passed by all merging clubs describing the conditions and purpose of the merger. The resolution should be approved by all merging clubs, the club advisors of all merging clubs, the student council, and the administrator responsible for student services.

Option 1 - Surviving Club – Officers Remain Unchanged

Club A merges into club B. Club B becomes the surviving club, and Club A is dissolved. Club B's name will be the name of the merged club. Both clubs should pass a joint resolution that includes direction for club A's assets to be transferred to club B. Club B's officers become the officers of the merged club.

Option 2 - Surviving Club – Election of New Officers

Club A merges into club B. Club B becomes the surviving club, and club A is dissolved. Club B's name will be the name of the merged club. Both clubs should pass a joint resolution that includes direction for club A's assets to be transferred to club B. An election will be held to determine the officers of the merged club.

Option 3 - New Club – Use of Existing Club Account

Club A and club B merge into a new club with a new club name. The dissolution process for closing a club should be followed for both club A and club B. One of the existing club accounts will be renamed and used for the merged club. Both clubs should pass a joint resolution that includes directions for the assets of one club to be transferred to the other club, depending on which club account will remain open. The account of the dissolving club that is transferring assets to the other club should be closed. A new club application, constitution and bylaws should be completed that follow the procedures for forming a new club. An election will be held to determine the officers of the new club.

Option 4 - New Club – Creation of New Club Account

Club A and club B merge into a new club with a new club name. The dissolution process for closing a club should be followed for both club A and club B. Both clubs should pass a joint resolution that includes directions for the assets of both clubs to be transferred into a newly established account. The club accounts for club A and club B should then be closed. A new club application, constitution and bylaws should be completed that follow the procedures for forming a new club. An election will be held to determine the officers of the new club.

ASB Closure/Campus Closure

Education Code (EC) 76060 gives authority to the governing board to allow an ASB to exist. When a college chooses to close only the ASB or one or more campuses that have ASBs, the governing board will also need to determine the dissolution of the ASB and its assets and liabilities. EC 76060 also grants the college the authority to:

... assume responsibility for activities formerly conducted by a student body association if the student body association is dissolved. A student body association employee who was employed to perform the activity assumed by the district pursuant to this section shall become a member of the classified service of the district in accordance with Section 88020.

Governing board policy and administrative regulations should describe the process for dissolving and/or distributing any remaining ASB assets, including any residual cash and equipment after settling any outstanding liabilities. If existing board policies lack guidance on the dissolution of an ASB, and if the board wishes to make such a determination, the board may adopt a one-time resolution that describes the process that should be followed.

Club Constitution or Bylaws Govern Club Closure

For any club, the club constitution and/or bylaws should outline the club closure process. If no such guidance is provided, the general ASB constitution and/or bylaws should govern the disposition of any remaining club assets. Once all clubs have been dissolved, all remaining funds and equipment will typically belong to the general ASB account.

No Existing Guidelines for Dissolution

If governing board policy gives no guidance on dissolution and the governing board is uncertain how to proceed, the college should seek legal guidance. One option is for the college governing board to make a determination by adopting a one-time resolution that describes the dissolution process. As a fiduciary of the ASB trust, the college and its governing board continue to have a responsibility to act in the best interest of the students while any remaining assets are dissolved or distributed.

Alternatively, if existing governing board policy has no guidance on the dissolution process, the existing ASB bylaws can be modified to describe the dissolution process, including what should be done with any remaining ASB assets (the process to modify the bylaws is typically described in the bylaws themselves). Any remaining ASB funds should ideally remain at the college campus and be used for a purpose similar to that for which they were raised.

Disposition of ASB Equipment

If the ASB has any remaining equipment, the governing board may determine that it can be sold or otherwise distributed to other campus sites. Any equipment that cannot be sold or redirected should follow the college's policy regarding surplus equipment.

College Reorganization

For colleges, Education Codes 74100-74107, 74280 and 74281 apply to reorganization; however, ASB is not discussed. Rather, an overall procedure is provided for allocation of funds, property, and obligations, as well as a dispute process. EC 74100-74107 describes the petition process and actions needed to reorganize colleges by the transfer of territory to another college. EC

74280 describes the allocation of funds, property, obligations, and dispute process for colleges; it focuses on property, funds and obligations as follows:

- (a) The real property and personal property and fixtures normally situated thereat shall be the property of the college in which the real property is located.
- (b) All other property, funds, and obligations, except bonded indebtedness, shall be divided pro rata among the colleges in which the territory of the former college is included. The basis for the division and allocation shall be the assessed valuation of the part of the former college which is included within each of the colleges.

Disputes about the reorganization are described in [EC 74281](#), which states, “If a dispute arises between the governing boards of the colleges concerning the division of funds, property, or obligations, a board of arbitrators shall be appointed which shall resolve the dispute.”

Student Council, Class Group and Club Meetings

Student meetings are an important part of ASB and should be held regularly by the student council and any formally established class groups or clubs. In this instance, regularly means holding meetings whenever important issues need to be discussed or events planned. See the [Minutes of Meetings](#) section below for more information about minutes.

Virtual Meetings

Meetings are often held in person, though virtual meetings may also be allowable. If a college chooses to allow virtual meetings, the meeting requirements should be the same as those for in-person meetings. This includes the virtual presence of the qualified faculty ASB advisor. The ASB constitution and/or bylaws should outline both in-person and virtual meeting requirements, such as the definition of a quorum and who will conduct the meetings. The meetings should continue to follow *Robert’s Rules of Order* or *The Standard Code of Parliamentary Procedure* by Alice Sturgis, and minutes of the meetings must be kept and read for approval at subsequent meetings. Also, any actions taken by the student council should be reported to the membership at large, just as they are for meetings held in person.

When expenditure or purchase order approvals are necessary in a virtual setting, an electronic signature or email can suffice for the ASB student representative, ASB advisor, and administrator responsible for student services. This may also be used for approvals from other ASB employees, such as the ASB bookkeeper.

When virtual meetings and electronic approvals of transactions are allowed, this should be reflected in college board policy and administrative regulations.

Food for Club Members During Virtual Meetings

ASB clubs occasionally provide refreshments during club activities. This may be allowable if the expenditure has been properly preapproved and funds have been raised for this purpose. Some ASBs may also wish to allow individual food purchases for virtual meetings. If this is permitted, it should be part of the college’s board policies and administrative regulations. Such a policy should include at least the following requirements:

- An approved fundraiser has or will occur that includes food purchases for students who attend virtual meetings or events.
- The purchase of food using ASB funds has been or will be preapproved using a purchase order, thereby allowing both direct purchases of food and reimbursement to students and college employees (e.g., advisor or assistant to the advisor) who are attending the virtual meeting for an ASB purpose and who spend their own funds on food. The purchase order should include a per-person limit on the amount allocated for food.
- The fundraiser approval form, revenue potential form and purchase order include a per-person limit on the cost of food for each meeting or event.
- Meeting attendance is documented.

The college should either use its existing travel and expense policy as a guide for the per-person limit on meal cost, or clearly specify different amounts for virtual ASB meetings and events.

Minutes of Meetings

Because there is a formal process of student governance for college student bodies, the student council and each club must prepare and maintain a record of each meeting. These records are called minutes, and they record each meeting and the actions taken. They demonstrate that the student council or club has followed ASB policies and procedures as well as current law. Minutes should be kept in a permanent record book, notebook, or electronically for future reference. A standard format for meeting minutes is provided at the end of this chapter.

Minutes should include details of proceedings, including matters pertaining to the budget, approval of fundraising ventures, and expenditure authorizations. Minutes are not a verbatim transcript of every word spoken; rather, they are a concise record of the essential matters discussed at each meeting so there is a record of what occurred. The minutes should be written clearly so they can be read and understood in the future. Abbreviations should be avoided because future readers may not understand them.

Generic or Blanket Motion Minutes

Creating generic minutes or blanket motion minutes to expedite certain routine decisions, approvals and procedures, such as approving all purchase orders in a combined fashion without listing the purchase orders or other important information, is not a best practice and should be avoided. There is much for the students to do and learn in an ASB, and creating shortcuts to accomplish this more expeditiously can be problematic, because students may not be given an opportunity to thoroughly discuss all ASB or club business, transactions, planned activities, and other items. Further, the Education Code specifically requires students, along with the ASB advisor and administrator responsible for student services, to preapprove all ASB expenditures. The use of student funds, for instance, should always be an action item on the meeting agenda; it should not be relegated to a consent agenda or adopted as a blanket motion.

Good Practices for Meeting Minutes

Although the form of minutes may vary from one organization to another, they should document at least the following information:

- Name of the club or organization holding the meeting.
- Date, time, and place of the meeting.
- Kind of meeting (e.g., regular, special)
- Names of those in attendance.
- Name of the presiding officer.
- Minutes from the previous meeting read, amended and/or approved.
- What was discussed or reported on during the meeting.
- Report on activities of standing or special committee(s).
- What action was taken during the meeting (e.g., the budget was amended, or the expenses were approved).
- The results of any votes taken, including who made a motion, who seconded the motion, and anyone in opposition, if applicable.
- Reporting on any communication to the ASB.
- A list of any unfinished business.
- Date and time of next meeting.
- What time the meeting adjourned.
- Who prepared the minutes.

Any information provided to those attending the meeting, such as purchase order lists, check registers, bylaws, project outlines and letters, should be attached to the original minutes and kept on file. The club secretary, or whoever took the minutes, should also sign the minutes when they are completed. Minutes should not be signed by someone who did not attend the meeting.

At the next regularly scheduled student council or club meeting, the students should review and approve the minutes of the previous meeting. The secretary should maintain a binder of all of the approved minutes for the school year. A sample ASB meeting minutes record is included at the end of this chapter. The sample can be modified for either general student council use or for a club meeting record. Also included at the end of this chapter is a document titled “Let’s Get the Meeting Moving,” which some colleges use to help clubs understand how to run a meeting and what should be discussed.

New Colleges

There is no law or other code reference regarding how to establish student body funds when a new college opens. Because there is no official guidance, it is a college decision and is handled differently across the state. FCMAT provides the following examples of how to establish student body funds at a new college if college policy is silent on the subject:

- A college might allocate startup funds for the new student body out of the college's unrestricted general fund; the new ASB may get to keep these or may be required to pay them back once it is able to do so.
- Other student body organizations might give temporary loans to another ASB in the same college district and, per EC 76064, these must be repaid within three years. This allows a new ASB to establish itself and repay the funds within a reasonable time.
- If some of the new college's students come from one of the college's other campuses, a college may decide to transfer some student body funds with the transferring students on a per-pupil basis. If this is done, FCMAT suggests using the allocation model discussed in EC 35564. Although this code section pertains to the allocation of organized ASB funds when a TK-12 school district is reorganized, the allocation method it provides can be used for colleges. Otherwise, EC 74281 states that when a dispute arises between the governing boards of the colleges concerning the division of funds, property, or obligations, a board of arbitrators shall be appointed to resolve the dispute.
- Existing colleges in the college district could conduct a fundraiser together and then divide the funds among all college campuses, including the new college.
- The new college could conduct an ASB fundraiser to generate its own startup funds, though it would need to be given a temporary allotment of cash to purchase the supplies for the fundraiser.

Because the formation of a college ASB and the election of officers at a new campus should involve all of the students who will be attending the new campus, the timing of the ASB formation depends on where those students are transferring from. If they all come from one campus, an ASB can be formed before the move to the new campus. However, if students come from multiple campuses, it is more complicated. Whatever the method and timing of the ASB formation, all students should participate in the election of officers, and administrators should not determine who will be the ASB officers.

In addition to funds, a functioning ASB requires a qualified faculty employee of the college to act as ASB advisor, an employee or official of the college whom the governing board has designated (Education Code section 76064), and student representatives. When all these things are in place, the formation of the ASB can begin.

As indicated above, there are many possible methods for funding a new college's ASB, but none of them are mandated. Thus, a discussion should occur at the college level because the method chosen could set a precedent if additional colleges open in the future. If new colleges have been opened in the past, it is important to verify what occurred in those cases for the new ASB, because that might set the precedent to be followed.

Application for Student Club (for new clubs)

Name of Campus

Associated Students

Application for Student Club

(PLEASE PRINT)

Fiscal Year:

I. We the students of the _____ (name of the college campus), request permission to form a student club. A list of the students sponsoring this application is attached to this application.

II. This club will be called _____

and will have as its purpose: _____

III. Mr./Ms. _____ (name of qualified faculty member) will serve as the advisor for this club for the _____ school year.

IV. We have attached:

A copy of the proposed constitution for this club.

A copy of the proposed budget for this club for the current school year.

Titles, powers and duties of the officers, and the manner of their election.

Scope of proposed activities.

List of students who are interested in starting this club and interested in becoming members.

V. Submitted by:

Student Club Representative: _____

Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

Approved by:

Board Designee/ Administrator: _____

Signature, Title and Date

ASB Student Council President: _____

Signature, Title and Date

Recorded in ASB Student Council Minutes on (date): _____

Club Information Sheet (for clubs approved in the past)

Name of Campus _____

**Associated Students
Club Information Sheet**

(PLEASE PRINT)

Fiscal Year: _____

Name of Club: _____

Name of Club Advisor: _____

Names, elected positions, and contact phone numbers of all ASB club officers:

Day and Time of Club Meetings: _____

Place of Club Meetings: _____

Please Attach:

A copy of the approved club constitution.

A copy of the approved club budget for the current school year.

Submitted by:

Student Club Representative: _____

Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

Approved by:

Board Designee/ Administrator: _____

Signature, Title and Date

ASB Student Council President: _____

Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____

Date

Student Council or Club Meeting Minutes

Name of Campus _____

Name of Club _____

Associated Student Body Minutes

Meeting Date: _____ Meeting Time: _____ Location: _____

Kind of Meeting (circle one): Regular Special Other

The meeting was called to order by: _____

The minutes of the meeting dated _____ were read and approved (or corrected and approved) on _____

Presiding Officer: _____

Roll Call by: _____

Number of Members Present: _____ Number of Members Absent: _____

Meeting Attendees (attach separate list):

The following purchase orders were approved (list below or attach a separate list):

Purchase Order Number	Vendor Name	Amount	Club	Purpose of Expenditure

Motion by: _____ Second by: _____

Vote Count: _____ Number For: _____ Number Opposed: _____

The following invoices were submitted for payment (list below or attach a separate list):

Check Number	Payable To	Amount	Club	Purpose of Expenditure

Check Number	Payable To	Amount	Club	Purpose of Expenditure

Motion by: _____ Second by: _____

Vote Count: _____ Number For: _____ Number Opposed: _____

Other motions:

Motion by: _____ Second by: _____

Vote Count: _____ Number For: _____ Number Opposed: _____

Communication and Reports:

Old Business: _____

New Business: _____

Unfinished Business: _____

Announcements: _____

Submitted by: _____

ASB Secretary: _____

(Signature and Date)

ASB Club Advisor: _____

(Signature and Date)

Forwarded minutes to ASB Student Council on: _____

Date

Signed official copy placed in binder for official record on: _____

Date

Instructions for Structuring Meetings

LET'S GET THE MEETING MOVING!

1. Call to Order

The meeting is called to order by the president, who rises and says, "The meeting will please come to order."

2. Roll Call

To determine if a quorum is present.

3. Minutes

The minutes of the last meeting are read and approved if correct.

Example: The president says, "The secretary will read the minutes of the last meeting." After the reading, the president asks, "Are there any corrections or additions to these minutes?" "If not, they stand approved as read."

If there are corrections, the president informally directs corrections be made.

"The minutes are approved as corrected."

The secretary signs the minutes, "Respectfully submitted." They may be initialed by the president.

4. Reports of Officers

The president makes announcements by reading the president's report.

The secretary informs the group of any communications the group has received. Each communication should be handled by a main motion before another is read.

The treasurer reports on receipts and expenses paid. These are received and placed on file. No vote is taken on reports placed on file.

5. Reports of Committees

The president calls for reports of committees.

Standing committees

Special committees (temporary)

Procedure: In each case, the president calls upon the chairperson of the committee to make the report. The report is read.

After this has been done, the president says, "This report will be placed on file. Any action required in this report will be taken care of under the proper order of business."

6. Unfinished Business

This is any business postponed from a previous meeting. Discussion follows the motion and then a vote is taken.

7. New Business

This includes any ideas not presented previously. It is moved and discussed by the members.

Example: President states, “We are now ready for the new business of the meeting, which includes the decision about the admission fee for the party. Will someone make a motion so that we may discuss the question?”

Member says: “I move that the admission fee for the party be fifty cents.”

Second member: “I second the motion.”

President: “It has been moved and seconded that the admission fee for the party be fifty cents. Is there any discussion?” Discussion follows. One member calls “Question,” which means that the president must ask, “Are you ready for the question?” (Ready to vote). Or the president acts on personal initiative and, if there are no objections, brings the matter to a vote.

8. Announcements

Announcements are shared about committee meetings or other items of interest.

9. The Program of the Meeting

Example: Guest speaker, movie, slide presentation, etc.

10. Recap

Reminder of next steps/tasks assigned

11. Adjournment

This happens after a motion to adjourn is made and carried, (or if business is finished). The presiding officer declares the meeting adjourned.

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Chapter 5 – General Business Practices and Internal Controls

ASB organizations offer students the opportunity to learn about business principles and practices as well as to raise funds to enhance their educational experience. Students can gain valuable experience learning banking policies and procedures, preparing budgets, understanding what bookkeeping entails, disbursing money, making decisions, and auditing accounts. Student organizations are no different from other organizations in that they must follow sound business practices to ensure confidence in their governance and financial management to ensure success.

Just as a business is responsible to its owners and a college is responsible to the public, student organizations are responsible to all students and must ensure that the funds generated are used effectively and accounted for in accordance with student council governing body and college policies and procedures. College administrators are responsible for monitoring and safeguarding ASB assets and ensuring that proper internal controls, policies and procedures, and other operational guidelines are in place. ASB funds are public funds. Sound business practices help ensure compliance, effectiveness, consistency, and accountability.

The Business Operating Cycle

Businesses begin operating when the organization is formed. The business operating cycle consists of various phases that normally recur each year, such as posting transactions, closing the books, and preparing financial reports. ASB organizations operate on a fiscal year cycle, which runs from July 1 to June 30, similar to colleges. This is different from a private business, which operate on a calendar year cycle, from January 1 to December 31.

Successful businesses pay close attention to the various stages of their operating cycle and ensure that good procedures are used at each stage. To ensure that the ASB organization is efficient and effective, all individuals involved in ASB must understand the ASB operating cycle and how to establish effective policies and procedures.

Establishing the Bank Account

At a minimum, each college with an ASB organization will need a checking account at a local financial institution unless the college business office provides an alternative banking/treasury function for ASB funds. In college ASBs, a savings account or money market account may also be established because of the large amounts of money raised for multiyear or large projects, for which funds are typically raised and saved until the funding goal is reached. Education Code (EC) [76063](#) provides guidance about where the ASB organization may legally deposit or invest its funds.

Savings Accounts and Certificates of Deposit

If there are no approved multiyear or large projects, savings accounts and certificates of deposit are usually not necessary, because it is expected that the students and administrators overseeing these funds will have an annual budget to ensure there is only a nominal amount of carryover to each subsequent year. Although it should not happen, some ASBs accumulate large ending balances, meaning that students raised funds but were unable to use them.

Ideally, funds should be spent in the same year they were raised; any excess should be small and should be included in the following year's budget.

Good Business Practices for Bank Account Management

The college business office should identify the financial institutions to be used by the ASB and make all arrangements for establishing, changing or closing an ASB bank account. Colleges may desire to consolidate banking functions with one institution. Most colleges have a procedure for opening bank accounts, and the college business office is charged with maintaining an up-to-date list of all college bank accounts, including ASB accounts.

ASB bank accounts should be held in the name of the ASB organization, not in the name of any individual. These bank accounts are for the exclusive use of the ASB organization, and the administrator responsible for student services should establish procedures to ensure that only ASB funds are deposited into these accounts. There must be at least two signatories on each account, and these signatories should not include students. Bookkeepers should also not be signatories on the accounts, because they are involved with so many other steps in the process that this would prevent a proper segregation of duties for internal controls. Most colleges will have at least one backup signatory, often someone in the college business office, because colleges usually have fewer activities during summer and holidays but checks may still need to be issued during those times.

Individual Club Bank Accounts

Clubs should not open their own bank accounts; rather, they are all part of the original ASB bank account set up when the student council account was opened. There is no legal authority for an individual club to have a bank account.

Bank Accounts: Interest-Bearing and FDIC Insured

Whenever possible, the funds should be placed in interest-bearing accounts.

ASB bank accounts must be insured. The Government Code provides for collateralization of public funds on deposit as an alternative to the Federal Deposit Insurance Corporation (FDIC). The college business office can consider reducing its risk of loss by opening additional bank accounts in other financial institutions. The maximum amount insured by the FDIC at any individual banking institution is \$250,000; however, this amount may change.

Internal Controls

Definition and Importance

Internal controls are the foundation of sound financial management. They include the policies and procedures that help provide reasonable assurance that the college, including ASB, achieves its objectives and goals by doing the following:

- Ensuring that operations are effective and efficient.
- Safeguarding and preserving the organization's assets.
- Promoting successful fundraising ventures.
- Protecting against improper fund disbursements.
- Ensuring that unauthorized obligations cannot be incurred.

- Providing reliable financial information.
- Reducing the risk of, and promoting the detection of, fraud and abuse.
- Protecting employees and volunteers.
- Ensuring compliance with applicable laws and regulations.
- Ensuring the accurate documentation of all transactions.

As shown throughout this manual, it is essential to establish effective policies and procedures, many of which act as internal controls. Internal controls include robust college board policies and administrative regulations, manuals, handbooks, and other operational guidelines that protect college and ASB assets and personnel. For example, establishing good internal controls for fundraising events significantly reduces the risk that anyone participating in the event will be accused of any impropriety. Disagreements between ASB advisors or other college administrators, faculty, students and/or community members sometimes result in false accusations. These accusations can be difficult or even impossible to disprove if the organization does not have sound internal controls. Once a person is accused of wrongdoing, it is difficult to clear one's reputation, even if the accusation is false.

Segregation of Duties

Internal controls include segregating duties according to employees' functions so that one person is not handling a transaction from beginning to end. This is an essential part of a system of checks and balances. Functions that need to be segregated include the following:

- Those who initiate, authorize, or approve transactions.
- Those who execute the transactions.
- Those who record the transaction.
- Those who reconcile the transaction.
- Those responsible for the item resulting from the transaction.

To ensure proper internal controls, custody, recording, and reconciliation should be kept separate. For example, if the ASB bookkeeper collects cash, records activity in the financial system, prepares the deposit slip, and reconciles the bank account, with no one else involved in verifying these transactions, there is no internal control because there is no segregation of duties, especially if no one other than the ASB bookkeeper is reviewing the bank statement and comparing it to the original cash receipt documentation. A lack of segregation of duties such as this exposes the ASB to a high risk of fraud and error, including cash skimming, delayed deposits, and other irregularities.

Internal controls are also affected by the practices, attitudes, and the ethical tone and example of management. If management does not prioritize the need to develop and maintain strong internal controls, the likelihood increases that student funds may not be adequately safeguarded. One should be able to answer "yes" to the following questions:

- Does the administrator responsible for student services set a good example by following established policies?
- Does the ASB advisor ensure that students follow established policies and help students understand the reasons behind the policies and procedures?

- Does the college business office provide continual assistance and training for all employees involved in ASB management?
- Does the administrator responsible for student services or the advisor take action when an infraction occurs?

Basic Components of Internal Control

The basic components of internal controls include the following:

- Ethical tone and example of leadership.
- Segregation of duties.
- System of checks and balances.
- Training.
- Use of prenumbered documents.
- Asset security and restricted access.
- Timely reconciliations.
- Inventory records.
- Management review and approval.
- Comprehensive annual budget.
- Expectation that all staff, including administrators, will follow all internal controls.

Training

To help ensure adequate internal controls, a college must establish, implement and maintain efficient and understandable policies and procedures based on laws, regulations and sound business principles, and communicate them to those involved (e.g., advisors, faculty, and students). Employees must be aware of expectations regarding proper internal accounting control. All individuals who are expected to carry out the policies and procedures should be trained annually. More than one person should be trained for each job (cross-training). All new ASB administrators, bookkeepers, and students should receive comprehensive ASB training within the first four months in their new position.

Documentation of Procedures

It is important to provide assurance to management that the internal control system is sound. All procedures should be adequately documented, and this documentation should be maintained, such as in an ASB manual and in standard forms used by all colleges, to provide proof of what is occurring. The forms in this manual have been designed to include all necessary components in each functional area but may be modified to meet each college's needs. Periodic monitoring (i.e., internal reviews or audits) should be performed throughout the year, including oversight by the administrator responsible for student services, ASB advisor, and the college business office. The annual independent audit provides an additional monitoring device and a regulatory check of state and federal compliance.

Internal Control Deficiencies

If internal control deficiencies are identified, they should be corrected as soon as possible. Standardization should also not be overlooked: if something works well, it should be used collegewide rather than each location creating its own procedures and forms.

Internal Controls Help Prevent or Deter Fraud

Internal controls are the principal mechanism for preventing and/or deterring fraud or other illegal acts or omissions, including misappropriation of assets, and other fraudulent activities. Good internal controls do not eliminate the risk of errors or fraud, but they help reduce it. Effective internal controls provide reasonable assurance that the college's and ASB's operations are effective and efficient, that the financial information is reliable, and that the organization operates in compliance with applicable laws and regulations. Few entities have perfect internal control structures, so it is imperative that management develop and regularly maintain techniques to offset any weaknesses.

Internal Control Checklists

Two different internal controls checklists are provided to help evaluate internal controls for an ASB organization by examining each participant's function or job responsibility. These checklists should be used in addition to other internal controls, including any internal audits the college performs as part of its oversight of ASB operations at individual college campus locations and the annual independent audit.

The following internal controls checklist is an easy way for those overseeing the ASB organization to review their responsibilities. A "no" answer to any of the checklist questions indicates a possible internal control weakness that the responsible person should address. Chapter 26 of this manual contains an additional internal control checklist that is divided by function.

Effective oversight and internal controls mean that the college business office provides overall coordination, training, assistance, internal control review, support, and monitoring, all of which results in a "yes" response to every item listed below.

The checklist questions are intended as a helpful guide to colleges. In some cases, depending on the college's structure, a question for one position, office, or individual college campus would be best answered by another position or office. What is important is to have proper controls and to clearly communicate who is responsible for what.

Internal Controls Checklist by Job Responsibility

A “No” response to any of the following questions may indicate an internal control weakness. The college should perform a self-evaluation, investigate all potential weaknesses, and ensure that controls are implemented so that the weakness (“no” answers) are eliminated and will no longer result in internal control issues.

College Business Office Staff	YES	NO	N/A	Comments
1. Does the college have a comprehensive board policy and administrative regulations that provide rules and regulations for ASB governance and operations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Does the college have a comprehensive ASB manual with detailed procedures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Has the FCMAT ASB Manual been adopted as part of the college’s ASB policies and procedures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. If the college has a comprehensive manual, handbook, or other list of allowable and prohibited activities, fundraisers, expenditures, etc., is it reviewed and updated, if necessary, at least annually?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
5. Does the college’s update of its manual, handbook, or other list of allowable and prohibited activities, fundraisers, expenditures, etc., address areas of concern identified in the previous year’s audit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
6. Does the college business office provide annual ASB training for all college employees who work with ASB activities, and retain a signed and dated training attendance log as proof that employees received training?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
7. Do business office staff members periodically (at least annually) visit each location to provide support and to review the ASB procedures used at the campus?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
8. Has the college ensured that school employees and students know whom to call in the business office if they have questions or concerns about ASB and are unable to get answers at their campus?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
9. Has the business office taken immediate action to correct annual audit findings related to ASB activities? Are the college campuses involved in developing action plans to ensure that the findings do not recur?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	YES	NO	N/A	Comments
10. Are all proposed fundraising events approved by the governing board or its designee at the beginning of each school year? Is this list updated throughout the year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
11. Does the business office's sales tax report include the sales and use tax for the student store and other purchases?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
12. Before any disbursement is issued to any independent contractor, does the business office have on file a valid and signed IRS Form W-9, Request for Taxpayer Identification Number and Certification?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
13. Does the business office issue forms 1099 for all independent contractors paid with ASB funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
14. Has the business office developed standard forms, processes and systems for ASB operations collegewide?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
15. Does the business office receive and review periodic financial statements from the ASB organizations and sign and date that they have reviewed these documents?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
16. Does the business office review the monthly bank reconciliations from the college ASBs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
17. Does the college have access to an independent third-party fraud reporting whistleblower website and telephone hotline?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
18. Are all involved with ASB aware of the whistleblower website and telephone hotline?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Signature _____ Date _____

Administrator Responsible for Student Services

As mentioned earlier, colleges may have varying titles for the individual or individuals who oversee the ASB, so this manual uses the generic title of “administrator responsible for student services.” In many cases, this individual will delegate the responsibility and authority for ASB coordination and management to others, such as an ASB advisor, student activities coordinator, program manager, club advisor, or a faculty or other staff member. This varies depending on the size of the college and other policies and procedures the governing board may have.

Some items listed as internal control questions for the administrator responsible for student services are equally important for the ASB advisor or student activities coordinator with delegated responsibilities.

	YES	NO	N/A	Comments
1. At the beginning of each year, do you spend time at a staff meeting discussing ASB issues, operations, and internal controls at the college (e.g., what is allowed and what are the procedures)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Do you spend time each month discussing ASB activities with the ASB bookkeeper, particularly problems that might be developing?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Do you report any questionable or suspicious activities to the college business office for possible investigation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. Do you verify that only ASB funds are maintained in ASB bank accounts? ASB bank accounts should not include school-connected organization (auxiliary or booster club) money, donations to non-ASB entities, or non-ASB charitable funds.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
5. Is a formal application required from any students who want to establish a new club at the college?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
6. Is each club advisor a qualified faculty employee of the college?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
7. Do the student council and all clubs have a constitution and bylaws that establish the policies and rules for student governance of the council or club?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
8. Are all clubs required to prepare and maintain minutes of all club meetings, with all necessary items noted?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
9. Are the student council and each club required to prepare, adopt and monitor a budget for the fiscal year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	YES	NO	N/A	Comments
10. Do you ensure that only preapproved, allowable expenses are paid from ASB funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
11. Do you use a preapproved purchase order form with three required approval signatures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
12. Are purchase orders dated and approved before the item is purchased?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
13. Do you ensure that students approve expenditures and that administrators (faculty, advisors) are not making the decisions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
14. Are students the primary decision makers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
15. If food is sold in the student store, has it been approved by the administrator responsible for food services?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
16. Are all food-related activities (e.g., fundraisers, vendor food services, bake sales) on the college campus discussed with and approved by the administrator responsible for food services?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
17. Do you verify that all ASB bank accounts are reconciled monthly within two weeks of receipt of the bank statement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
18. If bank account reconciliations are not performed within two weeks of receipt of the bank statement, is a reconciliation completion promise date obtained and followed up on to ensure the bank reconciliation is completed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
19. Are you one of the individuals authorized to sign ASB checks? Who are the other approved signers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
20. Do you know whom the college board has approved to sign contracts? Up to what amount?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
21. Do you review the bank reconciliations each month and initial the bank statement as well as the reconciliation as evidence of your review?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
22. If you clearly delegated specific responsibilities and authority to an ASB advisor or advisors, do you meet regularly to coordinate and collaborate regarding each college campus's needs and activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	YES	NO	N/A	Comments
23. Is there a secured fireproof safe at the college with limited access that can hold all cash receipts until deposit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
24. Are bank deposits made within a few days of receipt or at least weekly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
25. Do you review ASB financial reports monthly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
26. Are you making sure that funds counted at fundraisers and by the bookkeeper are always counted with at least one witness?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Signature _____ Date _____

ASB Advisor or Student Activities Coordinator or Designee

The ASB advisor or student activities coordinator is a vital contributor to the success of ASB operations.

In colleges, the administrator responsible for student services may have delegated significant responsibility and authority to the ASB advisor or student activities coordinator, or may have allocated various responsibilities to other positions such as the ASB program manager. When this is the case, several of the items identified above as internal control questions for the administrator responsible for student services may apply to the ASB advisor or student activities coordinator or program coordinator or faculty member.

	YES	NO	N/A	Comments
1. Do you feel that the college administrators and/or the administrator responsible for student services have adequately explained your responsibilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Do you know where to go for help if you have questions about ASB policies or procedures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Are you a faculty member of the college?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. Do you ensure that careful minutes are taken at each club meeting, with all necessary items noted?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
5. Do you help your club prepare and monitor an annual budget?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
6. Do you monitor spending during the year to ensure that the club will not end the year with a large carryover balance or a negative balance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
7. Do you work with clubs to ensure that fundraisers are appropriate and preapproved and that adequate controls are in place to make them successful?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
8. Do you work with the students to establish and implement control procedures for cash receipts at each fundraising event?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
9. Are a fundraiser approval form and a revenue potential form used to document the purpose of each fundraiser and to estimate or project revenue and expenses?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
10. Do you ensure that cash receipts are given to the ASB bookkeeper either immediately or as soon as possible after the fundraising event?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
11. Do you ensure that those responsible for the fundraising event have had at least two people count all funds raised and that both individuals sign and date the fundraising cash collection form?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	YES	NO	N/A	Comments
12. Do you ensure that a second person is always present to count the cash receipts, and do both individuals sign and date the form indicating that the counted funds are accurate?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
13. After funds are counted and ready to be transported to the bank, do you ensure that those funds are transported with a witness?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
14. Do you keep duplicate copies of forms that are part of the financial process (e.g. cash count form, fundraiser approval form, revenue potential form, ticket control form, budget, and purchase order form)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
15. Do you understand what types of expenses ASB funds are allowed to be used for?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
16. Are you one of the individuals who preapproves expenditures (with a student representative and the administrator responsible for student services) using a purchase order?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
17. Do you review ASB financial reports monthly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
18. Are you one of the authorized signers of the ASB checks? Who are the other approved signers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
19. If you are the advisor for the student store, are additional internal controls in place such as a comparison of sales to inventory, periodic inventory of goods, and review of pricing policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
20. Does the college provide you with training opportunities on ASB-related topics throughout the year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Signature _____ Date _____

ASB Bookkeeper

Many accounting functions need to be performed for ASB operations. Ideally, a person with adequate time, technical skills and knowledge will be assigned to perform these functions. The employee performing the following tasks may not have the official title of ASB bookkeeper; however, for purposes of this checklist, that is the title used for the person who performs the ASB accounting functions at the college.

	YES	NO	N/A	Comments
1. Do you have enough time to devote to ASB recordkeeping?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Do you provide each club with information on the revenues and expenses to date each month? Is this also provided to the ASB advisor, the administrator responsible for student services, and the ASB treasurer?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Do you understand the internal controls needed for cash receipts from each type of fundraising event?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. Do you ensure that students and staff establish cash receipt control procedures for each fundraising event?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
5. Do you maintain an adequate stock of supplies for cash receipt control procedures, such as prenumbered tickets, prenumbered receipt books, and duplicate cash count forms?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
6. Do you ensure that the advisors submit the documents for each fundraising event in addition to the cash collected? These documents include reports on tickets issued and other items.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
7. Do you ensure that all cash count forms for fundraising and for all events where funds are collected are completed and signed before you take custody of the deposit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
8. If a startup cash change box is issued, does the person(s) receiving the change count the startup cash in front of the ASB bookkeeper and sign indicating that the startup amount is accurate?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
9. Is cash deposited into the bank account within a few days, or at least weekly, after it is collected and received?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
10. Are all expenses approved in advance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
11. Do you have copies of the signed purchase orders?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	YES	NO	N/A	Comments
12. Is the purchase order dated and approved before the purchase?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
13. Are the checkbook and the check stock stored in a locked file cabinet or securely installed fireproof safe?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
14. Is there a log that identifies the individuals who have access to the ASB safe?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
15. Are expenses paid only if there is an original invoice and a document that verifies that the goods were received?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
16. Are two signatures required on all checks? Are there backup signers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
17. Are you excluded from signing checks? (this helps ensure segregation of duties and proper internal controls).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
18. Are checks written to vendors and employees and never to cash?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
19. Is a record maintained of all equipment purchased with ASB funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
20. Is there a process to determine whether a worker is an employee or an independent contractor?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
21. Are all employees who perform work for the ASB paid using the college's payroll system and then invoiced to ASB?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
22. Is an IRS Form W-9, Request for Taxpayer Identification Number and Certification, obtained from all independent contractors before they are paid?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
23. Do you reconcile all bank accounts monthly within two weeks of receipt of the bank statement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
24. Are all outstanding deposits and checks identified, and do they clear the bank within two or three days?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
25. If any journal entries or transfer entries are part of the bank reconciliation, are those entries authorized?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
26. Does the college provide ASB-related training opportunities for you throughout the year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
27. Is there a knowledgeable contact person in the business office to answer your questions and help you?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	YES	NO	N/A	Comments
28. Is the ASB recordkeeping computerized? If so, is the accounting software adequate to meet the needs of the college and clubs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
29. Is the computer on which the ASB accounting software resides user ID- and password-protected?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
30. Is the ASB accounting software protected by requiring a user ID and password for access?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
31. Are ASB computer and accounting software passwords safeguarded, not given out, and changed periodically?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
32. Are only ASB receipts deposited into the ASB account (e.g., not funds from auxiliary or other school-connected organizations or personal faculty or other discretionary accounts)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
33. Do people listen to you when you express concerns about expenditures or other items?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
34. When money is brought to you from fundraisers, are you given time to count it in the person's presence, and do both you and the other person sign and date the cash count form indicating that both counts are the same?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
35. After funds are counted and ready to be transported to the bank, do you transport the funds with a witness?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Signature _____ Date _____

Access Controls

In addition to sound internal controls, access to the office where ASB transactions are processed at the college (e.g., the ASB office or bookkeeper’s office) should be controlled. Easy or unobstructed access to the ASB office creates the opportunity for fraud. At the same time, the ASB or bookkeeper’s office needs to be accessible enough to conduct business and meet clients’ needs. Access controls allow the ASB bookkeeper to control who enters the office, especially during busy times. A split door is a simple solution that allows visual access and allows the ASB bookkeeper to answer questions without having to grant others unobstructed access to the office.

Strong internal controls promote the perception that fraud is more likely to be detected. Those who believe they may be caught committing fraud may be less likely to do so. Limiting access and installing surveillance cameras with warning signs are strong visual deterrents to a potential thief.

An Information Summary, Document Checklist and Questions form is provided at the end of this chapter to help improve sound internal controls.

Maintaining ASB Records

Like any business, the ASB organization must maintain accurate records, which provide the history of what occurred during the year. Although the annual audit is usually completed within six months of the close of the school year, other groups and individuals, including the Internal Revenue Service (IRS), may have questions about or request an audit of the ASB (such as a Form-1099 independent contractor audit) a year or more after the school year has ended. The role of the college business office in Form 1099 is discussed in more detail in Chapter 17, in the section titled, Good Business Practices for ASB Consultant Federal Tax Reporting.

Good Business Practices for Records Retention

The business office should have a complete list of which documents must be maintained and for how long. A variety of legal and procedural requirements, established in statute or locally by each college, affect the retention of records. If the business office does not have guidelines, it is a good practice to maintain all ASB information for at least four years from the date of the audit, unless the information is considered a permanent record. Permanent means that these records should **never** be destroyed. The college business department should ensure that there is a safe place for each college location to store permanent ASB records indefinitely and nonpermanent records for four years. A sample record retention guideline follows.

Retention Guidelines for Student Body Records

Record	Retention Period
ASB Constitution, Bylaws and Charters	Permanent
Equipment Inventory	Permanent
Club and Council Minutes	4 Years
Budgets	4 Years
Invoices and Approval Documents	4 Years
Bank Statements, Deposit Slips, Canceled Checks and other Banking Records	4 Years
Financial Statements and other Accounting Records	4 Years

Public Records Requests

Typically, the college business office is responsible for ASB operations and oversight, including how a request for ASB documents is handled, whether it is an official public records request under the Public Records Act or an informal request by parents or the general public.

A request for ASB-related documents by the public should be honored. This ensures transparency and avoids any appearance that there may be something to hide. ASB funds are public funds, no different from other college transactions, and the general public may request information about them, including available balances and other details.

A request for ASB documents, balances, copies of checks, and other such items falls under the California Public Records Act, which is a body of law designed to guarantee that the public has access to public records of governmental bodies in California. These laws are found in Government Codes 7920.000 - 7931.000 and apply equally to all governmental entities, including ASBs, because every ASB is a component of the college. Although the entirety of Government codes 7920.000-7931.000 is important, Government Code 7922.600 discusses assisting members of the public as follows:

(a) When a member of the public requests to inspect a public record or obtain a copy of a public record, the public agency, in order to assist the member of the public to make a focused and effective request that reasonably describes an identifiable record or records, shall do all of the following, to the extent reasonable under the circumstances.

(1) Assist the member of the public to identify records and information that are responsive to the request or to the purpose of the request, if stated.

(2) Describe the information technology and physical location in which the records exist.

(3) Provide suggestions for overcoming any practical basis for denying access to the records or information sought.

Temporary Loans

Temporary loans can be made within the ASB account in accordance with EC 76064, which describes alternative uses of student funds, including loans for a period of up to three years, with or without interest.

Loans involving ASB funds are not recommended except in very limited cases, such as a loan from one club to another (noted below) or from the student council to a new club as seed money.

Loans Between Clubs

Education Code (EC) 76064 applies to loans between clubs; this is for ASB organizations, not loans between an ASB organization and a non-ASB organization.

Because students raise funds to provide extras for their activities and because the fundraising often includes support from the public, who expect their donations and support to be used

for the fundraiser's stated purpose, the default best practice is to prohibit loans between clubs. Repurposing ASB funds from their original intent can erode the public's trust. For more information about repurposing ASB funds, refer to the section in [Chapter 6](#) titled, "[Repurposing ASB Funds](#)." If an exception to the prohibition against loaning student funds is considered, there should be board policies, administrative regulations, ASB bylaws, and/or college business office procedures that define the structure, terms and conditions, interest rate, and required documentation such as student council or club meeting minutes.

Although it is not a recommended practice, if a loan will be made between ASB/student council and a club and/or between ASB clubs because college policy allows such loans, an agreement between all parties should be crafted that clearly describes the consequences if the club that receives the loan does not repay the loan on time. Ideally, loans should not occur between individual clubs, only between the ASB/student council and individual clubs.

The Education Code states that the loan period should not exceed three years. However, if the loan involves a club or class group with students who attend the college for less than three years, the agreement should not extend past the students' planned time at the college, because future students should not be required to repay the outstanding obligations that former students incurred. When loans are allowed, it is recommended that the loan be repaid during the same school year so no club debts extend to future club membership and so the current membership repays any funds they used for their event or activity.

Approval of Loans

Both the student council or the club loaning the money and the club accepting the loan will need to approve the transaction in their respective meeting minutes. The student council or club loaning the money will also need to comply with [EC 76063](#), which states that the expenditure of the funds is subject to the procedures established by the ASB and which requires that ASB expenditures be preapproved by three people: an employee or official of the college designated by the governing board, the ASB advisor, and a student representative of the ASB organization. The minutes are to memorialize the entire student council's or club's intent to loan the funds, including identifying to whom the loan is being made and its terms.

The club accepting the loan should also approve the transaction, because there should be evidence that the club understands its obligation to pay back the loan, the terms of the loan, and the consequences if it is not repaid.

Loans May Be Problematic

Even if loans between the student council and clubs or between clubs are allowed, any ASB or club should avoid receiving or extending loans. Loans are often problematic for all parties. This is especially true of loans between the ASB and any outside entity such as a booster club. An organization that wants to help the ASB should simply donate funds rather than loan it money; and ASB funds should never be loaned to a non-ASB entity, because these funds are intended to be used by and for students.

Insurance

Just as the college has risk management strategies and insurance coverage to protect its operations, the ASB also must have adequate insurance. The responsibility for the ASB insurance coverage rests with the college's governing board, which normally delegates the responsibility to the college business office. The business office should help determine the types of insurance the student organization needs and ensure that the college's insurance coverage includes adequate protection. Although the college can charge the ASB if any additional costs are incurred to cover the ASB, most colleges pay for these costs out of their general fund operating budget rather than invoicing the ASB. ASBs should be especially aware that the coverage memoranda may contain exclusions for many activities that are typically ASB-related, such as bounce houses, dunk tanks, fireworks, and carnival rides. ASB administrators should ensure that the ASB has regular, ongoing communication with the business office/risk management, and that the college carefully reviews any contracts for services or rentals of equipment, games, and other items that may be subject to the exclusions.

ASB organizations should have the following insurance coverage:

- Fire insurance for the physical property purchased by the student organization.
- Theft insurance for funds and physical assets of the student organization.
- Workers' compensation insurance for all college employees working on ASB matters.
- Fidelity bonding insurance protecting the organization against losses because of employees' or members' actions.
- Property and liability insurance protection for the organization.
- Federal Deposit Insurance Corporation (FDIC) bank account balance insurance.

Whistleblower Hotlines and Fraud Reporting Websites

The creation and/or use of some type of independent fraud reporting service is essential to establishing an understanding that there is a likelihood of being detected if fraud is committed. Fraud experts believe that the greater the perceived probability of detection, the less likely it is that fraud will occur; people who think they might get caught committing fraud are less likely to try. Types of fraud reporting services include telephone hotlines and websites. All colleges should consider establishing or using an independent, third-party fraud reporting service. If the college already has such a service, the ASB can be given access to it. ASBs should ensure that posters advertising the college's fraud hotline are posted in ASB offices, student stores, snack bars, ticket offices, and other locations, so that students and volunteers operating in those settings are aware of the existence and availability of the fraud reporting service.

Information Summary, Document Checklist and Questions

The following form has been developed to help ASBs maintain accurate information regarding general business operations and specific activities of all clubs at a college. When used in conjunction with one of the internal control checklists provided in this manual, it can help management be better aware of how a college's internal control structure and operations are set up to identify and correct any potential weaknesses or issues in ASB operations.

Information Summary, Document Checklist and Questions

Organization

Fiscal year: July 1, 20 _____ - June 30, 20 _____

College Name: _____

College Administrator: _____

ASB Bookkeeper: _____

ASB Advisor: _____

	Yes	No
Board Policy allowing ASB Operations	<input type="checkbox"/>	<input type="checkbox"/>
Board Policy Approved by Governing Board on: _____ Date		
Administrative Regulations Approved by Governing Board on: _____ Date		
Is there an ASB constitution/bylaws for the AS/general ASB?	<input type="checkbox"/>	<input type="checkbox"/>
Is there a constitution for each club/trust account?	<input type="checkbox"/>	<input type="checkbox"/>
Are only ASB funds maintained in ASB bank accounts?	<input type="checkbox"/>	<input type="checkbox"/>

Financial & Accounting

Accounting software name: _____

Accounting software version: _____

Names of individuals who have ASB accounting software access:

Does each school have a secured, fireproof ASB safe? Yes No

Names of individuals who know the combination to the ASB safe:

	Yes	No
Are there any unapproved copies of the ASB accounting software either locally or online? (There should be only one working copy of the software)	<input type="checkbox"/>	<input type="checkbox"/>
Is the ASB accounting software backed up daily to college servers or the cloud, and is the backup copy kept in a separate and secure location?	<input type="checkbox"/>	<input type="checkbox"/>
<i>Financial Statements for each approved club</i>		
Submitted monthly to the college business office?	<input type="checkbox"/>	<input type="checkbox"/>
Reviewed, signed and dated by the college business office?	<input type="checkbox"/>	<input type="checkbox"/>
Provided monthly to each club/trust?	<input type="checkbox"/>	<input type="checkbox"/>
All transactions, including transfers and journal entries, properly approved?	<input type="checkbox"/>	<input type="checkbox"/>
<i>Bank Accounts, Statements and Bank Reconciliations</i>		
Is there a list of all bank accounts and is it reviewed and updated annually?	<input type="checkbox"/>	<input type="checkbox"/>
Reconciled monthly within two weeks of receipt of bank statements?	<input type="checkbox"/>	<input type="checkbox"/>
Reviewed and approved by the vice president of student services/dean of student services/ASB advisor/student activities coordinator and college business office?	<input type="checkbox"/>	<input type="checkbox"/>
Reconciling journal and transfer entries authorized?	<input type="checkbox"/>	<input type="checkbox"/>
Signed and dated by the individual performing the bank reconciliation?	<input type="checkbox"/>	<input type="checkbox"/>
Signed and dated by the individual who reviews/approves the bank reconciliation?	<input type="checkbox"/>	<input type="checkbox"/>
<i>Annual Budget</i>		
Prepared?	<input type="checkbox"/>	<input type="checkbox"/>
Approved?	<input type="checkbox"/>	<input type="checkbox"/>
Budget vs. actual results compared/reviewed regularly?	<input type="checkbox"/>	<input type="checkbox"/>
Budget adjusted when actual amounts vary significantly?	<input type="checkbox"/>	<input type="checkbox"/>
Carryover limited so it is not excessive?	<input type="checkbox"/>	<input type="checkbox"/>

Minutes

	Yes	No
Are minutes prepared for student council and club meetings?	<input type="checkbox"/>	<input type="checkbox"/>

Minutes Authorize

Fundraising?	<input type="checkbox"/>	<input type="checkbox"/>
Purchases?	<input type="checkbox"/>	<input type="checkbox"/>
Establishment of clubs?	<input type="checkbox"/>	<input type="checkbox"/>
Are the minutes approved by the club after they are reviewed for correctness?	<input type="checkbox"/>	<input type="checkbox"/>
Are the minutes shared with the general ASB?	<input type="checkbox"/>	<input type="checkbox"/>

Fundraising, Sales, and Purchases

Are all club fundraising activities preapproved and operated as stated in college policy?	<input type="checkbox"/>	<input type="checkbox"/>
---	--------------------------	--------------------------

Cash Count Forms and Deposits

Are fundraising cash boxes checked in and out?	<input type="checkbox"/>	<input type="checkbox"/>
--	--------------------------	--------------------------

Is the cash box startup cash counted and signed off on the cash count form by the person(s) receiving the cash box?	<input type="checkbox"/>	<input type="checkbox"/>
---	--------------------------	--------------------------

Are starting and ending cash reconciled?	<input type="checkbox"/>	<input type="checkbox"/>
--	--------------------------	--------------------------

Are all cash and funds collected precounted, and do those responsible for the event sign the cash count form before cash is submitted to the ASB bookkeeper?	<input type="checkbox"/>	<input type="checkbox"/>
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Has the fundraising club advisor kept their copy of the cash count form after signing to indicate that the funds have been counted and before submitting the confirmed deposit to the ASB bookkeeper?	<input type="checkbox"/>	<input type="checkbox"/>
---	--------------------------	--------------------------

Has the ASB bookkeeper confirmed that the cash count form has been completed properly before accepting the funds for deposit?	<input type="checkbox"/>	<input type="checkbox"/>
---	--------------------------	--------------------------

Has the ASB bookkeeper counted the funds in the presence of the individual(s) to confirm that the funds collected are accurate, and have both the ASB bookkeeper and witnesses resolved any differences and signed the cash count form indicating that the deposit is accurate?	<input type="checkbox"/>	<input type="checkbox"/>
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If the cash counted by the ASB bookkeeper and witness differs by less than \$5, the ASB bookkeeper may adjust the deposit and both the witness and ASB bookkeeper should initial and date all cash count form changes.

If the cash counted by the ASB bookkeeper and witness differs by more than \$5, the ASB bookkeeper should ask the club advisor to again initial both the ASB bookkeeper's copy and the club advisor's copy of the cash count form.

The cash count form and deposit counting and signing procedures are an important safeguard against fraud, help protect both the ASB bookkeeper and advisor from allegations of fraud, and help establish the chain of custody to help identify fraud.

	Yes	No
<i>Revenue Projection for Fundraising Activities and Other Events</i>		
Completed for each fundraiser?	<input type="checkbox"/>	<input type="checkbox"/>
Approved?	<input type="checkbox"/>	<input type="checkbox"/>
<i>Ticket Control (e.g., dance)</i>		
Completed?	<input type="checkbox"/>	<input type="checkbox"/>
Approved?	<input type="checkbox"/>	<input type="checkbox"/>
<i>Student Store Inventory</i>		
Is inventory performed regularly (e.g., monthly, quarterly, semiannually)?	<input type="checkbox"/>	<input type="checkbox"/>
Do students count and sign for each of their own cash register cash-outs?	<input type="checkbox"/>	<input type="checkbox"/>
Are student store deposits recorded on a cash count form and witnessed and signed by the student store representative and a witness?	<input type="checkbox"/>	<input type="checkbox"/>
<i>Purchases and Disbursements.”</i>		
Is a purchase order prepared for every ASB disbursement?	<input type="checkbox"/>	<input type="checkbox"/>
Are purchase orders dated and approved prior to the purchase?	<input type="checkbox"/>	<input type="checkbox"/>
Are received goods reconciled?	<input type="checkbox"/>	<input type="checkbox"/>
Are W-9 forms received and signed before payment is sent to any independent contractor?	<input type="checkbox"/>	<input type="checkbox"/>
Is the check register reviewed periodically to confirm no missing checks?	<input type="checkbox"/>	<input type="checkbox"/>
Are bank statement canceled checks reviewed periodically to confirm that the payee on the check is the same as in the check register?	<input type="checkbox"/>	<input type="checkbox"/>
Year End		
<i>Electronic Backup</i>		
Accounting program data?	<input type="checkbox"/>	<input type="checkbox"/>

Yes **No**

Spreadsheets and other electronic data?

Backup copy documented and stored safely?

Listings Printed

Accounts receivable?

Accounts payable?

Student store inventory?

General ledger detail report?

Chapter 6 – Budgets and Budget Management

Student Council / Club Budgets

The college's governing board must establish procedures for students and employees to follow when preparing and controlling student body organization budgets. A budget is a financial plan for the year. It includes projections of annual expenses and income and allows an ASB organization to estimate at the beginning of the school year what its financial position will be at the end of the year. When preparing a budget, clubs should be reminded that neither deficits nor large surpluses are allowed at the end of the year when estimating. Proper budgeting requires adherence to defined, well-understood business procedures.

Budgets are Required

ASB operations at community colleges typically have numerous fundraisers and clubs. Budgets are required for each club and the student council. For example, the student council may have to make commitments and requests of the college business office to enter into contracts at the beginning of the year before any funds are raised. A budget allows the organization to estimate how much income it will raise and how many expenses it will incur that year, and compare the income to the planned expenses. The budgeting process is necessary to determine whether the organization can afford to enter into its contracts.

It is important to establish a procedure and practice that requires budgets to be in place and approved before a club enters into any commitments or contracts or asks the college business office if it can do so.

Preparing a Budget

Budgets are usually prepared for one year. The student council and each individual club need to develop a budget document with their annual goals and a plan for achieving those goals by deciding the following:

- Estimated revenues: What fundraisers will we have?
- Estimated expenses: What will the fundraisers and activities cost?
- Estimated ending reserves and club carryover: Is there enough left over to pay for startup costs'?

The budget allows students to determine if they will raise enough funds during the year to cover their anticipated expenses. Because ASB organizations also provide an opportunity for students to learn about business operations, a budget is one of the tools of business that students can learn to use. Budgeting is also a life skill needed to manage one's finances.

At the beginning of each school year (or the preceding spring), the student council and each club should decide what they want to do that year. For example, the student council may decide that they want to hold a fall festival to raise funds to support ASB rallies or other activities. They want to begin the first activity in December.

Once the students have decided on their goals for the year, they can develop a budget that estimates the income from each fundraising event, the expenses it will take to run the fundraising events, and the expenses of the planned activities. The revenue potential form is a

useful way to begin budget development because it includes a column for estimated revenue and expenses and ensures that each fundraiser has an estimated budget. The total of all estimated revenue and expenses can then be used to prepare a budget.

A budget allows students to determine whether they will have enough funds to pay their expenses for the year. After preparing the budget, the students may determine that they will only be able to complete one activity that the year, or that they may have enough money for more activities than they had originally planned. Keep in mind that the budget is only an estimate based on information available when it is prepared. Most students are learning the budget process and, as more information about planned activities is gained throughout the year, the budget may be amended as often as needed.

No Budget Means No Spending

The student council, club, or class group should be prohibited from spending any funds until they have an approved budget for the year. This ensures that all clubs have budgets, and it signals to the student council that all clubs and class groups have considered their planned revenue and expenditures for the year. Even if no club fundraisers or expenses are planned, the club should develop and submit a zero-dollar budget.

A budget includes the following five components:

- Part I: Beginning Balance.
- Part II: Estimated Revenues.
- Part III: Estimated Expenses.
- Part IV: Ending Balance and Carryover.
- Part V: Budget Approval.

Below are more detailed instructions on budget development.

The following directions for budget preparation correspond to the suggested budget development forms included in this manual. Refer to the budget development forms (presented later in this chapter), starting with the Sample Budget form. A sample budget can also be found in Chapter 23 of this manual.

The student council, with assistance from the ASB advisor, plans for and prepares the budget. The ASB bookkeeper should not prepare the budget but may be a resource for historical information, cost data, or other technical aspects.

Part I – Beginning Balance and Carryover

The beginning balance and carryover (July 1) is the prior year ending balance and carryover (June 30). The prior year ending balance may include carryover. The advisor should ensure that the students prepare a balanced budget. If the club had a significant amount of carryover from the prior year, it is acceptable for the expenses to exceed the revenues by the amount of the prior year's carryover, unless that amount was excessive. Funds should be carried over only when there is a definite plan and purpose for the use of the funds in the subsequent year. Examples include long-term projects, events that span years, or those that occur early in the next school year.

If carryover continues to be excessive, the advisor should work with the club to help the club adopt a plan to spend the carryover, or to follow such a plan if one is already in place. Otherwise, it may be necessary to stop approving new fundraisers until a plan is adopted. See the Carryover of Unexpended Balances section below.

Part II – Estimated Revenues

The advisor for each club and the club officers should review plans for the school year and complete an estimate of actual revenue for each event. Prior-year data can usually be obtained from the ASB bookkeeper.

- The advisor and students should use the account numbers and account descriptions that the school establishes in its unique chart of accounts. Chapter 7 – Accounting and Financial Management includes information on how to establish a complete chart of accounts for the ASB. Clubs should use the account descriptions that match the actual fundraising events they are planning. A separate projection should be done for each event, even if there are multiple events of the same type (such as spring and fall car washes).
- The first two columns in Part II are used for the account number and description.
- The third column is for the revenues from the previous year. This information is helpful when the organization’s fundraising operations remain constant from year to year. Comparing the actual revenues received in one year to the amounts budgeted for the new school year is an effective way to evaluate whether the budgeted revenues are reasonable.
- The last column in Part II is for the estimated revenues for the new school year. Before the students can estimate revenues, they must determine where the revenue will come from. For example, does the club or student council usually receive donations each year, or will all of the revenue come from fundraising events?
- For the revenue that will come from fundraising events, the students need to prepare an estimate of the revenue for each event. The Fundraising Event Profit form found in Chapter 13 can be used for this. The students should prepare one form for each fundraising event. In addition, the form indicating that the fundraiser has been approved should be attached. In some colleges, these two forms are combined into one, which is an acceptable practice.
- The students should prepare a Fundraising Event Profit form for all approved fundraisers, even those added later in the year and not included in the original budget.
- After the students have completed an estimate of revenue for each fundraising event and determined the other sources of revenue, they can enter the information line by line in the revenue section.
- Once all of the information in Part II is complete, the students should total the revenues from all sources and enter the amount on the Total Revenues line.
- When estimating revenue, it is always best to use the most conservative number. For example, if the student council has received donations of between \$500 and \$2,000 in the past few years, use \$500 in the initial budget. The budget can always be adjusted to a higher amount later if the initial estimate was low.

Part III – Estimated Expenses

The advisor and students should use the account numbers and account descriptions that the college has established in its chart of accounts for the ASB. Chapter 7 – Accounting and Financial Management includes information on how to establish a chart of accounts for the student body organization. The first two columns in Part III are for the account number and description.

- The students should review the club’s past years’ expenses to determine the types of expenses the club usually incurs each year (e.g., supplies and postage).
- When estimating expenses, the students should include any items that the organization may reasonably have to pay for during the school year, in addition to the cost of planned projects.
- The students should include the expenses for each fundraising event that they estimated when preparing the Fundraising Event Profit form.
- Once all the information in Part III is complete, the students should total the expenses and enter the total on the Total Expenses line.

When estimating expenses, it is best to budget the maximum amount an item is likely to cost and adjust the budget once the actual cost is determined.

Part IV – Ending Balance

- The first line in Part IV is to compute the difference between the estimated revenues and the estimated expenses. When the estimated revenues equal or exceed the estimated expenses, the budget is balanced or there is an excess, which is the desired result unless the carryover is excessive.
- The advisor should ensure that the students prepare a balanced budget. If the club had a significant amount of carryover from the prior year, it is acceptable for the expenses to exceed the revenues by the amount of the prior year’s carryover, unless that amount was excessive. Funds should be carried over only when there is a definite plan and purpose for the use of the funds in the subsequent year. Examples include long-term projects, events that span years, or those that occur early in the next school year.
- If carryover continues to be excessive, the advisor should work with the club to help the club adopt a plan to spend the carryover, or to follow a plan if one is already in place. Otherwise, it may be necessary to stop approving new fundraisers until a plan is adopted. See the Carryover of Unexpended Balances section below.
- The line titled, “Differences between revenues and expense” represents total expenses from Part III subtracted from total revenue in Part II. If the students find that the expenses exceed the revenues they have budgeted and there is no carryover from the previous year to cover the shortfall, they need to review and reduce expenditures to balance the budget or plan to hold additional fundraisers to make up the difference.
- On the second line in Part IV, titled, “Projected ending balance,” the beginning balance/carryforward from Part I is added to the difference between the estimated revenues and expenses on the line above. Adding these two amounts together determines the amount of the projected ending balance. This is the amount the students estimate will

be available at the end of the school year based on the estimates in the budget. This amount becomes the estimated carryover for the next school year.

Part V – Budget Approval

The advisor should help the students prepare the budget. Once the budget is complete, the advisor and a student representative of the club should sign and date the budget. This signature indicates that the advisor has reviewed the budget and determined that it is reasonable and realistic. A budget should not be approved if it does not show a positive ending balance (unless the club is graduating or becoming inactive; then the budget can end without a fund balance but not with a negative fund balance).

A budget with a negative ending fund balance should never be approved. The student council or club (depending on whose budget it is) should vote on the budget and include that vote in their meeting minutes before submitting the budget to the student council. The student council should consider for approval all submitted budgets for each club.

Once all club, class group, and student council budgets are approved, the budgets should be sent to the college business office for their records. Unless there is board policy, administrative regulation, or other required business office procedures, the business office does not need to approve the budget. At many colleges, the governing board receives all ASB budgets, and they are part of a public forum at an official college board meeting. In other colleges, the governing board may have delegated another administrator, such as the vice president of student services or dean of student services, to review and approve all ASB budgets. Individuals involved with the ASB should be familiar with their college's budget review and approval policy and practice.

Individual Expenditure Approvals are Required

A budget alone is not adequate to show an expenditure as preapproved by the appropriate individuals, which is required by Education Code (EC) 76063. Budgets are essential internal control and planning documents, but a budget is a plan, not a form of expenditure approval. A budget does not list specific vendors, itemized amounts for purchases that will be made, terms, or who will make them; it lists estimates. A budget also does not show adequate expenditure approvals. Using a purchase order or expenditure approval form is the correct way for an ASB to ensure adequate preapproval with enough detail to know who is making the purchase, the specifics of the purchase, and the identity of the vendor.

All club members, faculty, advisors, other staff, and volunteers must understand that they cannot obligate ASB funds until a purchase order is prepared and approved by the student club representative, a qualified faculty employee of the college (who is the advisor), and the administrator responsible for student services before the purchase is made. These three required signatures are listed in EC 76063, and they must be obtained for an expenditure to be considered preapproved. The only way to prove that this Education Code is followed is by having a purchase order or other expenditure approval form that contains all three signatures.

Additional Approvals

In addition to the three signatures required for preapproval of all ASB expenditures and purchases, more required signatures may be added at the discretion of the college and ASB when allowed by board policy or administrative regulations. For example, the ASB bookkeeper could be an additional signature on the purchase order but may not replace any of the three

required signatures in EC 76063. If any signature is added to any document, that requirement should be applied to the internal controls at all college campuses unless the college business department agrees that the requirement is specific to only one campus. Ideally, any change in the internal control system, such as additional approvals, should be added to existing collegewide board policies or administrative regulations and updated in ASB club bylaws.

Budget Monitoring

Budget monitoring is the process of comparing the budget to the actual revenues and expenses at a point in time to determine whether the revenues are coming in as expected and whether the expenses are no more than the amounts authorized in the budget. The students and advisor should monitor the budget at least monthly so that there is enough time to adjust plans if the budget is not realistic or if the planned goals will not be met because of lower-than-projected revenue or higher-than-projected expenses.

The Budget Monitoring form at the end of this chapter shows the original budget and the actual revenues and expenses on the date the form is prepared. It provides a straightforward way to see how a club is doing financially. The revenue potential form also contains estimated and actual revenues and expenses and allows a comparison between the two once a fundraiser or other activity concludes.

Budget Revisions

If problems are noted in either the revenue or expense categories during budget monitoring, the students should revise the budget. For example, if the students planned their first fundraising event for October and the event raised \$1,500 less than they budgeted, they will need to revise the budget. They will need to reduce the amount of revenue in the budget and reduce the planned expenses for the year, unless an additional revenue-creating event will be planned or there is additional revenue or carryover from the previous year to cover the shortfall.

The students should revise the budget whenever any significant changes in the estimated revenues or expenses occur or are expected. A rule of thumb to use for significant change is a variance of 10% or more. To show the changes in the budget, the students can use the same form that was used to prepare the budget. The advisor and/or administrator responsible for student services should also approve all changes to the budget. Again, individuals should be familiar with board policy in their college so they can know if further approval of revised budgets is required.

Carryover of Unexpended Balances

Carryover is the amount of money a club has at the end of the year after all revenues are deposited and all bills have been paid. It is also called the ending balance.

The administrator responsible for student services, the ASB advisor, and students should ensure that the funds raised by students during a school year are spent on behalf of those same students while they are at the same college. If this is not done, large ending balances can accumulate, which means funds were not spent to benefit the students who were

FRAUD ALERT

Large ending balances increase the potential for fraudulent activity. Local policies that require students to spend most funds raised each year help prevent funds from accumulating over time and the associated temptation for those who have access to student funds.

enrolled when the funds were raised. For example, at one college campus, the robotics club students raised more than \$4,000 each year; however, only about \$1,000 was spent each year. Within a few years, the club had an ending balance of \$12,000.

Funds should be spent for the benefit of the students who are enrolled when the funds are raised. Saving and investing funds students raise is not the purpose of ASB, and funds should not be placed in a long-term investment instrument such as a certificate of deposit or savings account. Rather, all funds raised by current students should ideally be spent by those students before the end of the school year. Reasonable carryover balances are often used to start an endeavor in a new year (often called seed money). A club may also raise funds for a large endeavor for which it takes more than one year to raise adequate funds. Large or excessive carryover balances without a plan for their use should be discouraged. A good practice includes a regular review of carryover balances to help ensure the funds are spent for the benefit of the students enrolled when the funds were raised.

Limiting Carryover

The governing board should include a limit on carryover in its ASB board policy or administrative regulations, or in the ASB bylaws. Some colleges include this limit in their college ASB manual or request that it be included in each club's constitution or bylaws. If a college has already provided guidance about this issue, that guidance should be followed. However, if a college's board and/or administration has not included language regarding carryover balances, this issue should be brought to their attention. A reasonable guideline may include the following:

No student club or organization may carry over more than 20 percent of the total amount expended in a given school year without a spending plan or waiver that has been approved by the ASB or club advisor, administrator responsible for student services or other administrator, and the college business office.

Under such a carryover rule, if the total club expenditures were \$4,000 in a given year, the club could carry over up to \$800 without an approved plan or waiver. Importantly, the club or ASB should spend any carryover funds the following year to avoid accumulating large ending balances. A sample [budget carryover request/waiver form](#) is included at the end of this chapter.

One of the items a college business office should review regularly is the projected and actual ending fund balance. Excessive fund balances should be followed up on in discussions with the administrator responsible for student services and can even be part of the personnel evaluation of the administrator's role in ensuring adequate resources and their uses.

Multiyear Activities

In some circumstances, it may be appropriate for a club to carry over more than 20% of the funds expensed that year. For example, if the club wants to participate in a band competition and parade festival overseas, it could take them two years or more to raise the funds. If the club has voted for this activity, it is likely a valid exception to the carryover limit. For any such activity that could be an exception, documentation should be maintained that details the purpose and the approval by the students, advisor, and governing board or board designee such as the administrator responsible for student services. It may also be appropriate for the college business office to approve a larger carryover of funds in such cases.

The student club should submit the Budget Carryover Request form describing the multiyear activity to the college business office in April or May of each school year to request approval to carry over more than the normally allowed amount.

Repurposing ASB Funds

Associated student body funds should always be used for their original intended purpose, and the ASB club or student council should always use any surplus of funds for a similar purpose. Because donors and supporters of ASBs usually intend for their donation to support a specific activity or expense as advertised by the ASB, it is vital to future fundraising efforts that the ASB use the funds for their intended purpose.

Sometimes, ASBs may conduct fundraisers for events and other expenditures that do not occur, leaving unspent funds available for use in ways that may differ from the original purpose for which the funds were raised. The central tenet of ASB spending is that funds should be used for the students' benefit and to promote the students' general welfare, morale and educational experiences. If an activity does not or cannot occur, the unspent funds may be used for a different purpose if certain conditions are met, but the expenditures must still benefit the students.

If the students vote to approve the repurposing of funds because they could not be used as originally intended, that vote should be documented by the students and approved by the ASB advisor and governing board or board designee, such as the administrator responsible for student services. Also, a college should consider adding detailed language to its ASB board policy or administrative regulations that defines how unspent or undesignated funds may be used.

What Happens when a Class Graduates?

Education Code [76060](#) states that the purpose of ASB is to conduct activities on behalf of the students, clearly indicating that the funds held in ASB can only be spent for current students. One can also infer from this that the funds are to be held for current students at the same college campus at which the funds were raised. If cash balances exist for classes that have already graduated, those accounts need to be cleared. If there is no provision in the ASB constitution, bylaws, board policy, or administrative regulations that specifies the fund or account to which the remaining funds should be transferred after a class graduates, it is suggested that the funds be transferred to the general ASB account at the same college campus. The ASB constitution or bylaws, or college board policy or administrative regulations, should be revised to provide guidance for similar circumstances in the future.

Funds Do Not Follow Students to a Another Campus

ASB and club funds should not be transferred to another college campus following the transfer, departure or graduation of any students, even to a campus within the same community college district. For example, if the second-year class has remaining funds when they graduate, the funds should not follow the students to another college campus in the same community college district or to another educational institution or entity. The funds need to remain at the college campus where they were raised. If the second-year students do not spend their remaining funds before graduation, they may gift the funds to an existing ASB or club at the same campus or decide how to spend the funds before graduation. Otherwise, the funds should revert to

the student council or general ASB at the campus, and the student council will decide how the funds will be used.

The best practice is to review outstanding balances a few months before a class graduates. If there is a projected remaining balance, the ASB, club or class group advisor should encourage the graduating or departing students to do one of the following:

1. Spend the remaining funds on allowable expenditures before they graduate.
2. Gift the funds to another ASB club at the same campus. Often, the outgoing class votes to gift the funds to the incoming freshman class so they have seed money to begin their freshman year.
3. Gift the funds to the general ASB at the same college campus (this is also what will typically happen if the graduating class does nothing, even if the ASB constitution and policy are silent on the issue).
4. Amend the ASB or club bylaws to document what to do with the remaining funds each year.

Sample Budget

Name of Campus _____

Name of Club _____

Budget Development

Fiscal Year: _____

Budget Adoption or Revised Budget

(Circle one)

As of: _____
Date

Part I: Beginning Balance

Beginning balance / carryover from prior year: _____

Part II: Revenues

Account Number	Account Description	Prior Year Budgeted Revenue	Current Year Estimated Revenue
	Total		

Part III: Expenses

Account Number	Account Description	Prior Year Budgeted Expense	Current Year Estimated Expense
	Total		

Part IV: Ending Balance and Carryover

Difference between total revenues and expenses: _____

Projected ending balance: _____

(Projected ending balance = Part I, Beginning Balance + Part IV, Difference between revenue and expenses)

Part V: Budget Approval

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Approved by:

Vice President of Student Services/Dean of
Student Services/Designee Administrator: _____
Signature, Title and Date

ASB Student Council President: _____
Signature, Title and Date

Recorded in Student Council Minutes on: _____
Date

Approved by business office: _____
Signature, Title and Date

Budget Monitoring for ASB or Club

Name of Campus _____

Name of Club _____

Budget Monitoring
Fiscal Year: _____

As of: _____
 Date

Part I: Beginning Balance / Carryover from Prior Year: _____

Part II: Revenues

Account Number	Account Description	Budgeted Revenues	Revenues Received to Date
	Total		

Part III: Expenses

Account Number	Account Description	Budgeted Expense	Actual Spent to Date
	Total		

Part IV: Ending Balance and Carryover

Difference between total revenues and expenses: _____

Projected ending balance: _____

(Projected ending balance = Part I, Beginning Balance + Part IV, Difference between revenue and expenses)

Part V: Budget Approval

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Approved by:

Vice President of Student Services/Dean of
Student Services/Designee Administrator: _____
Signature, Title and Date

ASB Student Council President: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Budget Carryover Request

Name of Campus _____

Name of Club _____

Request to Carry Over Excess Ending Balances

Fiscal Year: _____

As of: _____
Date

- I. The following organization requests approval to carry over an amount in excess of the college's approved 20% limit.

Club/Organization: _____

Club Advisor: _____

- II. Calculation of Excess Carryover

A. Total estimated annual expenditures: _____

B. Multiplied by 20% (Allowed Carryover %): _____

C. Equals Amount of Allowed Carryover: _____

D. Amount of Requested Carryover: _____

- III. Explanation

Provide an explanation of the need to carry over amounts in excess of the 20% limit. Explain how student approval was obtained and when the club will use the excess funds. Attach explanation on an additional page.

Budget Carryover Request Approval

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Approved by:

Vice President of Student Services/Dean of Student Services/Designee Administrator: _____
Signature, Title and Date

ASB Student Council President: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Approved by business office: _____
Signature, Title and Date

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Chapter 7 – Accounting and Financial Management

Accounting Systems

Every ASB organization must have an accounting system to record the money raised and spent. Accounting systems are either manual or computerized. The decision about which system to use is important because the system must provide assurance that adequate and effective internal controls are in place while maintaining an accurate and detailed record. If a computerized accounting system is used, a general summary of all funds and individual transactions should be shown, as well as an accounting of funds by individual clubs. If a manual system is used, a spreadsheet is recommended.

This chapter briefly defines the two types of systems and indicates which systems ASBs usually use.

Manual Accounting Systems

The simplest accounting system is a checkbook and manual ledger or spreadsheet. This may be sufficient when there only a few fundraising events each year. Spreadsheets can be used to record a club's transactions: revenues are posted as additions and expenses are posted as deductions. Manual systems are found mostly where the volume of ASB transactions is very low. This type of system can work, but the risk of error can be higher because all the transactions are posted manually.

Even with manual sets of books, a backup of those books must be maintained. FCMAT recommends photocopying or scanning the general ledger and subsidiary journals for archiving in a college's secure, fireproof safe.

Computerized Accounting and Tracking Systems

Most college ASBs have a large volume of transactions and many clubs that require separate accounting, so typically need a more complex and automated system. Most college ASBs use one of several computerized accounting systems developed specifically for ASB records and accounting transactions.

Although computerized accounting systems are more expensive and require ongoing support, they enable an organization to produce more accurate reports, allow stronger controls over the data, and can save an enormous amount of time when producing information. Some accounting software is used by college ASBs throughout California and is designed specifically for ASBs. Other software systems range from spreadsheet applications to accounting software. Some colleges have developed their own proprietary accounting software. Large colleges with multiple ASB clubs and trust accounts are best served by computerized accounting systems that specialize in ASB operations and allow separate accounting for each club. The California Association of Directors of Activities (CADA), the professional organization for ASB advisors,

Fraud Alert

Beware of multiple copies of accounting data located on the same computer drive or anywhere else. Using the guise of needing a second set of electronic books to practice accounting entries, perpetrators will carry out any number of frauds. Multiple sets of electronic books are most commonly used to create bank reconciliations. Some perpetrators of fraud have used up to six sets of books to prepare bank reconciliations, reprint checks, provide understated club financial records, and carry out many other fraudulent transactions and reports.

can provide information about which colleges use which products. In addition to computerized accounting systems, other electronic ASB-specific alternatives to cash collections include point-of-sale merchandise and inventory tracking systems, ticket sales, credit card and debit card features, and web-based systems for sales and donations. Many of these products integrate with various accounting systems, creating both efficiencies and improved accountability of the transactions.

The importance of backing up data cannot be overstated. Whether it is stored on a college server or locally on the ASB office computer, electronic accounting information and other important data must be backed up to a secondary storage device at least weekly but preferably daily. Secondary backup storage devices such as compact disks (CDs), portable flash drives, portable hard drives, college backup servers, and cloud backup services all provide efficient media for backups that can be stored in a college's secured, fireproof safe or online.

Journal Entries and Transfers

Computerized accounting systems make it easier to process journal entries and transfers. Because it is easy to process these items electronically, thorough documentation of these types of transactions is essential. Journal entries and transfers should be prepared only with prior written approval from the ASB advisor or administrator responsible for student services. Such entries should never be made without someone else's knowledge and approval.

Journal entries can be used to originate a transaction, such as recording interest earned or bank fees; however, journal entries and transfers are usually made to correct or change a previous accounting entry. Therefore, great care should be taken to properly document their purpose so that questions or issues do not occur. In accordance with standard accounting practices, the detailed reason for the journal entry or cash transfer, with all supporting documentation showing why the entry is necessary, should accompany the transaction and be retained, and must be approved in the ASB minutes. This is true whether a journal entry is used to transfer resources between clubs, correct an error, or document an extraordinary event such as a theft or loss.

Some ASBs consider transfers less critical than journal entries, but this is not the case; both are equally significant and should be thoroughly documented and approved, because failure to do so can cause serious issues in the future.

Prepaid Transactions

An ASB may occasionally prepay certain expenditures, but this should be an exception rather than standard practice, and only if not prohibited by board policies and/or ASB bylaws. Prepayments may include event reservations, athletic officiating costs, and other expenditures for which payment may be required in advance.

When prepayment is required, prior approval of the expenditure must still be obtained using the normal ASB purchase order process. Such a transaction should be treated like any other

Fraud Alert

Any journal entry that is not properly documented is a fraud indicator. Although mistakes may be made, even corrections to journal entries should be printed, signed and approved. Failure to document journal entries and obtain approval allows a fraud perpetrator to completely manipulate the accounting records. In the absence of proper approval procedures, perpetrators of fraud can and will enter numerous transactions allocated over many clubs and accounts, all disguised to make the transaction so complex and tedious that it is difficult to follow.

expenditure, with student approval memorialized in meeting minutes, including an acknowledgement that the expense is being prepaid.

A common example is the use of a service provider to prepay the cost of referees through athletics. Some colleges will record the prepaid amount using a journal entry to athletics as the service is used, reducing the prepaid asset as usage occurs. Other colleges may track the usage separately, with the entire amount recorded as an expenditure to athletics when the initial payment is made. When unspent funds remain at the end of the fiscal year, the bookkeeper will either continue tracking this amount into the new year or record the remaining amount to the prepaid account, which is a balance sheet account where the remaining unexpended cost is held.

Accounting for Theft or Loss

In cases of theft, or misplaced or lost deposits, the amount of funds and club identity may or may not be known.

- When the amount of loss and the club are known, the following options are available:
 - Obtain advice from the college business office on any college-specific policies or procedures.
 - Corresponding increasing and decreasing journal entries may be made to identify the club's loss, and a theft loss account may even be created to separately track the transaction. Corresponding increasing and decreasing entries will identify the loss but will typically have no net effect on the club's account because the college administration is responsible for ensuring the integrity of the ASB and should replenish the lost funds from the college's non-ASB funds.
 - Some clubs may want to document a theft loss as an expense and place the other side of the transaction in another account that they are willing to reduce, decreasing the club's account.
 - Some ASBs may choose to account for this type of transaction within their cash over-short account.
- When the amount of the loss and the club is unknown, an increasing and decreasing estimated journal entry may be considered to minimally identify an estimated loss and may be recorded within some miscellaneous account type.

Centralized versus Decentralized Accounting

Because governing boards are ultimately responsible for everything that happens in a college, including the activities of and guidelines for student organizations, they have a fiduciary duty to ensure that sponsored activities and accounting are performed in a correct and accountable manner. At the same time, governing boards are not ultimately responsible for ASB expenditure decisions; the students are, with assistance and co-approval from specific employees as noted in the Education Code. Whether the ASB financial records are maintained in a centralized system (i.e., accounting software and transactions are processed at the college business office for each campus) or decentralized system (i.e., an accounting system and transactions are processed at each ASB campus office), the college is responsible for establishing policies and procedures to ensure ASB funds are safeguarded.

The college is responsible for ensuring that ASB funds at the campus are deposited in the bank in a timely manner; for maintaining adequate ASB financial records and financial transactions; for ensuring that the college's ASB policies and procedures are followed; and for reporting any suspected fraud or abuse. These duties are usually performed at the college by an ASB bookkeeper. In addition, an ASB advisor should supervise club activities and serve as the liaison between the ASB club and both the bookkeeper and the administrator responsible for student services.

Centralized ASB Accounting

When ASB accounting is centralized, the accounting for student organizations is handled at one location other than where the clubs are, such as at the college business office. This method is more efficient for producing standard accounting and reporting, can improve internal controls, and can provide significantly improved budget controls. However, it is difficult for students to be as involved, and day-to-day operations are not as efficient.

Decentralized ASB Accounting

Most ASB accounting is decentralized, meaning that the accounting for student organizations is performed at the campuses where the clubs are. The advantage of this is that the students can learn how accounting works, and information can usually be obtained more quickly and communicated easily among student clubs, advisors and the bookkeeper.

The College Pays for ASB Operating Costs

The Education Code gives college governing boards the authority to allow the existence of an ASB. In allowing the formation of an ASB, the governing board assumes a fiduciary duty to ensure that ASB operations are conducted in a correct and accountable manner. This means the college, not the ASB, should pay all operational costs, including the following:

- Payroll and benefit costs for services provided by the ASB bookkeeper and ASB advisor.
- Accounting software.
- Annual maintenance fees.
- Conferences and workshops for school employees on ASB-related topics.
- Office space and supplies.
- Computer equipment.
- Secured, fireproof safe.
- Other related operational expenses.

A well-functioning ASB ensures that college policies are followed and student funds are accounted for correctly. The college's governing board must ensure that ASB funds are monitored and safeguarded. As a fiduciary of the students' funds, the ASB bookkeeper contributes to efficient and effective internal controls on behalf of the college.

Student fundraising is always voluntary. If students choose not to fundraise, the costs associated with the ASB bookkeeper and accounting software would still need to be funded. Therefore, these are college expenses rather than discretionary costs determined by the

students. By assuming all ASB operational costs, the college helps ensure that all policies are followed and that student funds are accounted for correctly. Further, because the college pays for these costs, the college ultimately decides whether ASB accounting is centralized or decentralized. For additional information see the section in [Chapter 14](#) titled [Indirect Charges and Other Assessed Costs](#).

Chart of Accounts

Regardless of the accounting system selected or whether accounting is centralized or decentralized, each ASB needs to use a structured chart of accounts that conforms to generally accepted accounting principles and that defines and differentiates categories of revenues and expenditures as well as assets and liabilities. A chart of accounts organizes all account groups or categories of money numerically. There is a common scheme for ordering the chart of accounts that, when used correctly, helps all involved parties better understand the ASB's and its clubs' financial health. Two sample charts of accounts are included at the end of this chapter: [the first is suitable for a small ASB, and the second is designed for a larger ASB](#). A standard chart of accounts should be used for all campuses and clubs across a community college district.

ASB charts of accounts will have several groups of accounts within the following categories:

Assets

Assets are usually defined as anything the ASB owns or controls that has value, either tangible or intangible. Assets are a resource of the ASB and can be further separated into current assets and fixed assets. Current assets are readily available or liquid, such as cash in a bank. Fixed assets are of a more permanent nature, such as a piece of sound system equipment.

Liabilities

Liabilities are obligations, or debts, the ASB owes to other parties (e.g., unpaid disc jockey services). These include invoices from vendors for items received but not paid for, as well as sales tax balances due to the state. When a liability is paid or settled, a transfer or use of assets (e.g., cash) will occur.

Trust Accounts

Trust accounts are managed by one entity for the benefit of another, so in the case of an ASB, these are amounts that the ASB is holding on behalf of individually-approved clubs. These include scholarship and class group accounts.

Equity/Fund Balance/Net Assets

Equity accounts (i.e., fund balance or net assets) represent the net worth of the ASB. Equity is the difference between the total assets and the total liabilities. Equity/fund balance/net assets is the amount remaining after all revenues, expenditures and carryover from the prior year are calculated and accounted for. This is unspent and uncommitted ASB money.

Revenue

Revenue is the amount of money received from the sale of goods or services, or money raised from fundraising activities. This is the money earned by the ASB.

Expenses

Expenses are the costs incurred for the purchase of goods or services. This is the money spent by the ASB.

Standardized Chart of Accounts

The college business office should standardize the chart of account and the accounting systems for all ASBs. This ensures that the accounts and the system are appropriate for use in ASB activities and will be used consistently throughout the college. This facilitates common financial reporting and auditing.

Financial Reporting and Closing the Books

Financial reports are the most important monitoring devices that businesses and public agencies use to determine their fiscal position. The timing and composition of these reports vary with the type and size of the entity. A range of industry standards affect how financial reports are structured, prepared and presented. A similar structure exists for the financial reporting for ASB organizations.

Periodic financial statements must be prepared to help college administrators, ASB advisors, and students understand the ASB's financial position. The size of the ASB operations often determines the type and frequency of financial reports. Board policy also may determine how and when financial reports are prepared. The college business office should receive copies of the periodic financial statements as part of its oversight responsibility.

The business year for all ASB operations is July 1 to June 30. This is formally called the fiscal year, for both ASB operations and the college.

Standard for ASB Operations

Advisors, students, and the administrator responsible for student services should review their financial status periodically. The best practices for college ASBs is to review the financial reports showing the ASB's financial status monthly; in no case should the financial status be reviewed less than quarterly. A monthly reporting requirement is most common and is recommended. This means that reports should be produced for all clubs as well as the general ASB.

As part of their oversight responsibility, the college business office staff should also give input into the decision about how often financial reports are produced and reviewed, who should review them, and their distribution.

Types of Financial Reports

Normally, it is the ASB bookkeeper's responsibility to produce the financial reports. The bookkeeper is responsible to many customers, each of whom has a unique set of needs and responsibilities related to those reports:

- Administrator Responsible for Student Services

The administrator responsible for student services (i.e., vice president of student services/dean of student services/designee) must review and approve (indicated by

their signature) all financial reports throughout the year and ensure that all required reports and submissions are made to the college business office as requested.

- **Student Council**

The student council must review, approve and include in their meeting minutes the monthly and annual financial reports for their own information and for the various clubs' information.

- **Individual Clubs**

Each club must review, approve and enter into their meeting minutes their monthly and annual financial reports.

- **College Business Office**

The college business office must receive the approved financial statements at least quarterly, although monthly is recommended.

There are two basic industry-standard financial reports. They are most useful when they are prepared properly and explained clearly:

- Profit and loss statement, which compares ASB revenue to expenses.
- Balance sheet, which summarizes the assets and liabilities of the ASB.

Profit and Loss Statement

The profit and loss statement provides a financial picture of an organization at a specific point in time, such as the end of a month, and includes all financial activity from the beginning of the fiscal year through the end of that month. This statement compares actual revenue to actual expenses. It is best used when it also includes the projected budget for the same revenues and expenses.

A comparison of the projected budget to the actual revenues and expenses is probably the most useful financial statement for showing how a club is doing at any point in time. In addition to preparing financial statements at various times throughout the school year (e.g., monthly), a year-end profit and loss statement should always be prepared at the end of the fiscal year and should include a summary of the financial activities of all trust accounts and clubs.

The administrator responsible for student services should do the following with each report:

- Review periodic profit and loss schedules to determine progress being made during the year.
- Review the year-end report to ensure that it balances; that is, that the revenues less expenditures equal the net profit/loss and that beginning balances are reconciled with ending balances from the prior year.
- Review and investigate any expenditures in excess of revenues, both budget and actual, at both the individual club and student council/general ASB levels, to ensure data accuracy and an understanding of the deficiency.
- Review any encumbered purchase orders that appear out of the ordinary, especially if unexpected.

- Initial and date the report as evidence of their review.

Balance Sheet

A balance sheet is an important document used by businesses, public agencies and municipalities of all sizes worldwide. It is the main indicator of fiscal solvency and a tool for making future business decisions. The balance sheet has similar value in ASB management.

The balance sheet statement lists all assets and liabilities of the ASB organization as of a specific date. The assets are what the ASB owns, such as the following:

- Cash in the bank.
- Savings deposits.
- Student store inventory.
- Anything else of value.

The liabilities are what the ASB owes, such as the following:

- Unpaid bills to vendors for merchandise received.
- Sales tax payments due.
- Other bills owed.

The fund balance indicates the ASB's net resources available for future projects and activities. As periodic financial reports (including a balance sheet) are prepared during the year, the line titled "profit or loss to date" indicates the success or failure of fundraising up to that point in time. A sample balance sheet is included at the end of this chapter.

The administrator responsible for student services should do the following:

- Review the balance sheet to determine whether assets less liabilities equals equity/fund balance.
- Review accounts of the student council, clubs, and class groups to confirm there are no negative year-end balances.
- Review assets and liabilities for reasonableness, and investigate any anomalies or anything that appears out of the ordinary.
- Initial and date the report as evidence of their review.

Closing the Books

Without exception, every business, whether private enterprise or public agency, must close its books at the end of each fiscal year. Effective June 30, the ASB books must also be closed for that school year, which means posting all financial transactions for that year. This is normally done by the bookkeeper.

To close the books, the following must be completed by June 30:

- Collect all undeposited money from fundraising events and deposit the funds in the bank.
- Pay all outstanding invoices for goods and services received.

- Contact the vendor for any outstanding purchase orders. Obtain an invoice for purchase orders that have been delivered by the vendor but not invoiced. Pay these invoices.
- Ensure that the ASB advisor and students take a final inventory of the student store and any vending machine stock on hand.
- Balance the inventory count with the book value of the inventory. Make adjusting entries as needed.
- Verify and balance all trust and student council, club, and class group accounts with the bank statement balance. Coordinate this bank reconciliation with the general/student council ASB advisor and individual club advisors. Make adjusting entries as needed and verify data.
- Prepare the financial statements for the fiscal year.
- Distribute the financial statements according to college guidelines.

College Business Office Support

Preparing financial reports can be challenging and sometimes intimidating for students and employees involved in ASB operations. An understanding and supportive college business office should have the expertise and responsibility to ensure that ASB personnel are trained and should offer to help them. The annual meeting and training sessions sponsored by the college business office should include a review of the ASB's financial reports. Similarly, the business office should give the ASB technical assistance throughout the year as questions and concerns arise.

Annual Audit

The governing board must ensure that all college funds are audited annually by an external, independent auditor (e.g., a certified public accountant (CPA)) approved by the California State Controller's Office. The independent auditors report directly to the college's governing board. As part of that annual audit, student body funds will be reviewed and audited. The Education Code also states that the governing board shall provide for the supervision of ASB funds and may provide for internal audits or reviews of ASB funds by college personnel (E.C. 76065). This can be done using a college internal control plan and employees the college considers sufficiently experienced to conduct an internal audit or review. The audits must include a study of financial procedures and controls to ensure conformance with the law and must verify all outstanding bank accounts.

Annual audits, whether internal or external, are essential to the college's oversight responsibilities. These audits help the college's administration ensure that appropriate procedures and controls are in place. Audit findings alert the college to weaknesses in the system that must be addressed and procedures that must be corrected. Audits also protect the college by providing a third-party defense for why policies and procedures are necessary. Staff at all campuses who work with the ASB must be made aware of all audit findings and should participate in the steps needed to ensure that they do not recur. This includes findings related to any college throughout the community college district so that all employees involved in ASB are made aware of the issues and can prevent or correct improper procedures at their own campus.

Independent auditors will follow generally accepted governmental audit procedures, generally accepted accounting principles, and other procedures and techniques the auditor deems sufficient to ensure that student body financial transactions are recorded accurately in the ASB's financial records. To do so, the independent auditor should do the following:

- Review records and systems for adequacy of internal controls and conformity with generally accepted accounting principles (GAAP).
- Determine whether the bank accounts were properly authorized and established by the college.
- Determine whether the bank reconciliations are performed within two weeks of receiving the bank statement.
- Read meeting minutes and note matters pertaining to the audit.
- Determine if the college's governing board has adopted policies and regulations regarding how the student body is governed.
 - Verify that each club and class group has completed an application.
 - Verify that the student council and each club and class group has a constitution and bylaws.
- Verify assets, liabilities, revenues, expenditures, and equity.
- Verify whether there is an approved balance carryforward form, that excessive cash balances are identified, and that there is an approved plan to spend those funds.
- Determine whether fundraisers were approved in advance by the governing board or its designee and were in the student body's best interest.
- Determine if revenue projections were completed for all fundraisers.
- Compare to determine if recorded receipts reconcile with the value of what was charged during fundraisers (e.g., the value of items or ticket prices for entertainment).
- Check for commingling of ASB funds with non-ASB funds.
- For all fundraisers, determine whether cash controls (tickets, receipt books, tally sheets) were used and reconciled with collected cash.
- Determine whether receipts were credited to the proper club account.
- Determine whether any student funds were used for expenses that are the college's responsibility.
- Determine whether all expenditures were approved in advance by the required individuals.
- Determine if budgets for all clubs and the student council were prepared and approved correctly.
- Determine whether the college has a policy or policies requiring student body revenues and expenditures to be clearly distinguished from those of the college.
- Verify whether cash is always double-counted.

- Verify whether, when funds are counted, they are sealed for transport in a plastic, tamper-evident bank bag.
- Determine whether deposits are kept secure in a locked, fireproof safe, but for no more than a few days, before being deposited at the bank.

Following are some audit findings that commonly occur in colleges throughout the state:

- ASB budgets are not prepared.
- Little or no supervision over budget preparation.
- Revenue projections are not prepared.
- Revenue projection actual results are not monitored and compared to projected results.
- Prenumbered receipt books and/or receipts are not used.
- Receipt books are not logged in and out with signatures.
- Cash counts are not recounted.
- Large amounts of cash on hand year after year (club balances or student council with savings accounts) without an approved carryover spending plan
- Prenumbered tickets are not used.
- The number of tickets sold is not reconciled to tickets collected.
- Deposits received are not taken to the bank for deposit within the time specified in college guidelines.
- Purchase orders (or other preapproval forms) are not used.
- The actual purchase date is before the purchase order date.
- The three signatures required for ASB expenditures are not obtained before purchase.
- A lack of confirmation that the product purchased was received before payment was made.
- Checks are made out to cash.
- Check stock is visible and unsecured.
- Bank reconciliations are not prepared monthly or on time.

Because they review a sampling of transactions, auditors will not find every instance when things are not being done correctly. Incorrect procedures not detected by the auditors should nonetheless be corrected. Issues need to be corrected before something goes wrong. This protects everyone involved with ASB. The auditors are a valuable resource when questions arise because they are familiar with rules, regulations and best practices.

The ASB audit is part of the college's audit, and the cost should be paid by the college.

ASB Items for the Annual Audit

The following items, and any other items requested, should be available for review by college auditors during the annual independent audit:

- Copy of the annual financial report that includes a list of the trust account balances.
- Copy of the ASB budget for all clubs/trust accounts and budget revisions/updates.
- Schedule of accounts receivable that lists names and amounts due as of June 30 (do not include any amounts payable by trust accounts).
- Schedule of accounts payable that lists names and amounts owed to others as of June 30 (do not include any amounts payable to trust accounts).
- Detailed analysis of any adjustments to the beginning fund balance.
- Copies of inventories (e.g., student store, vending machines, ASB equipment and other items).
- Bank statements for checking account(s) reconciled from July of the preceding year to July of the current year.
- Interest earned on savings account(s) through June 30.
- List of all petty cash funds and the name of the custodian of the funds.
- Official ASB minutes for all clubs/trust accounts.
- Price lists used during the year for ASB card discount tickets and other items sold, and the number sold at each price.
- Support for expenditures, including original detailed invoices and approved purchase requisitions.
- Support for revenues, including cash register reconciliations, ticket control, tally sheets, receipt books, and deposit information.
- Equipment inventory lists.
- Written procedures for ASB functions, if available.

Bank Reconciliations

Timely and accurate bank account reconciliations and reviews are prudent and necessary. Reconciliations should be prepared monthly, within two weeks of receiving the statement. Each ASB organization will have at least one bank account with monthly statements. Bank account statements may be sent directly to the campus, or to the college business office, which then forwards them to the campus. Normally the ASB bookkeeper is responsible for reconciling all ASB bank statements to checkbooks and general ledger accounts.

Challenges of Bank Account Reconciliations

Employees typically report difficulties with bank account reconciliation, and auditors often find problems in this area. In addition to a regular bank account reconciliation, a reconciliation between all club balances and the total bank account balances needs to be performed.

For example, consider a situation where there is a reported \$5,000 balance in the combined ASB checking and savings accounts, yet the ASB bookkeeper reports total club balances of \$6,000. Can this occur? If it does, who takes what action?

Some of the difficulties reported by staff and auditors are listed below, and immediately following are recommended best practices that help prevent these difficulties from affecting other ASB operations.

Reported difficulties include the following:

- The bank account is not reconciled each month in a timely manner.
- No one reviews the bank reconciliation after it is prepared by the ASB bookkeeper.
- The total of all club, class group, and student council accounts differs from the total of the bank accounts.
- No one prepares a monthly report showing all cash balances and all club balances.
- No one is certain if there is enough money for an upcoming activity (e.g., field trip).
- The ASB treasurer does not make a monthly report to the student council regarding all bank accounts and all club and trust account balances.

Good Business Practices for Bank Account Management and Reconciliation

For all accounts maintained by the student organization(s), reconciliations between bank account balances and student organization records should be performed for every period for which a statement is received (usually monthly). Control measures should be established to ensure that bank reconciliations are performed on time and accurately, and that sufficient separation of duties exists.

Best practices for bank account management and for bank reconciliations are as follows:

- The ASB bookkeeper should reconcile the total amount in the club accounts with the checkbook or general ledger monthly.
- The ASB treasurer should provide monthly reports on bank account balances and all club and trust account balances. These reports should be entered into the student council minutes.
- The administrator responsible for student services or the ASB advisor should ensure that the bank statement is reconciled within two weeks after it arrives.
- The administrator responsible for student services or the ASB advisor should compare the bank statement and the checkbook or general ledger to ensure that the totals match the numbers on the bank reconciliation.
- The administrator responsible for student services or the ASB advisor should verify that outstanding items are cleared in the following month.

Fraud Alert

Even with established timelines for completing and submitting bank reconciliations, many ASBs are allowed to continue for many months before the college business office holds them accountable for late reconciliations. Numerous excuses are given for late bank reconciliations, but too often they are late because the prospective thief needs time to alter the books.

When the bank reconciliation is late, offer help and/or provide a new deadline such as the next day. One late bank reconciliation may not be a problem; however, many financial frauds in ASBs are connected to inaccurate and late bank reconciliations. The honest person who is late with a bank reconciliation will not object to receiving help because they have nothing to hide. Resistance to help and continued excuses are a fraud indicator that should always be taken seriously.

- The administrator responsible for student services or the ASB advisor should ensure that any journal entries made were properly approved and authorized.
- The administrator responsible for student services or the ASB advisor should initial and date the bank reconciliation and the bank statement as evidence that they were reviewed and that the totals are identical.
- The college business office should conduct a monthly review of ASB bank reconciliations prepared at the campus sites. This should include the business office signing and dating the reconciliation when the review is complete.

The ASB bookkeeper performs the bank reconciliation by comparing the transactions posted by the bank to the transactions posted in the ASB books (checkbook or general ledger) for the same period.

The ASB Bank Reconciliation Worksheet at the end of this chapter has been developed for use when performing this task.

Instructions for Completing the Bank Reconciliation Worksheet

1. On line A, record the ending balance shown on the bank statement.
2. On line B, record any deposits made by the ASB bookkeeper that do not show on the bank statement as of the ending date (i.e., that are outstanding). In addition, review the deposits in transit on last month's bank reconciliation to confirm that the bank has posted them to the ASB account.
3. On line C, total the deposits in transit.
4. On line D, record all of the checks that have been written and recorded in the student body books but have not cleared the bank as of the ending date (i.e., that are outstanding). Review the outstanding checks on last month's bank reconciliation, and post on this month's bank reconciliation those that have not yet cleared the bank. Checks that are outstanding longer than one year should be stale dated and returned to the ASB cash balance.
5. On line E, total the outstanding checks.
6. On line F, compute the reconciled bank balance. Add the amount on line A and the amount on line C, then subtract the total of the outstanding checks on line E.
7. On line G, record the amount in the ASB checkbook or general ledger. That amount must be as of the same date as the ending date on the bank statement.
8. On line H, add the interest and any other amounts added by the bank.
9. On line I, total all of the amounts from line H.

Fraud Alert

Bank statement reconciliation fraud is as easy as recording a deposit, stealing the money, showing the deposit as outstanding, and then creating a journal entry to write off the missing funds.

Everyone reviewing bank reconciliations should be alert for deposits that are outstanding for longer than two or three days and for journal entries that clear cash from the bank reconciliation cash account.

10. On line J, record the bank charges deducted by the bank. Also record the returned checks and returned check charges.
11. On line K, total all of the bank charges.
12. On line L, compute the ending balance. Add the amount on line G and the amount on line I, and deduct all bank charges on line K.

The bank account is not considered reconciled until lines F and L show the same amount.

13. Post the interest and the bank charges to the checkbook or the general ledger.

After the worksheet is completed, the ASB bookkeeper finishes the bank reconciliation by balancing all the general ledger accounts, including all club and trust accounts, and provides copies of the bank reconciliations to the administrator responsible for student services, ASB advisor and business office.

The bookkeeper should also prepare a report of bank account and club and trust account balances for the ASB treasurer to present at the student council's monthly meeting. The ASB bookkeeper should also provide each club advisor with a monthly financial report that shows year-to-date activity and summary balances.

A more complete discussion of financial reports can be found in the Financial Reporting and Closing the Books section earlier in this chapter.

Chart of Accounts for Small ASBs

Asset Accounts • 100–199

101 Cash in Bank, Checking
103 Petty Cash
105 Cash in Bank, Savings
107 Change Account
109 Accounts Receivable
111 Student Store Inventory
113 Equipment
115 Other Assets

Liability Accounts • 200–224

201 Accounts Payable
203 Sales Tax Payable

Trust Accounts • 225-299

225 Scholarship Account A
227 Scholarship Account B
235 Class of 20XX

245 Club A
247 Club B
249 Club C
251 Club D

Equity Accounts • 300–399

310 Fund Balance

Revenue Accounts • 400–499

401 Student Body Card Fees
403 Student Store Sales
405 Newspaper Sales
407 Social Events & Activities
409 Vending Machine Sales
411 Interest Earned
413 Other Revenue

Expense Accounts • 500–599

501 Student Store Purchases
503 Newspaper Publication
505 Social Event Purchases
507 Vending Machine Purchases
509 Supplies and Purchases
511 Depreciation
513 Other Expenses

Chart of Accounts for Large ASBs

Asset Accounts • 1000–1999

Current Asset Accounts • 1000–1699

Bank Accounts • 1000–1199

1001 Bank of America, Checking Account # XXXX

1003 Bank of America, Savings Account # XXXX

1005 Bank of America, Money Market Account # XXXX

1103 United California Bank, Savings Account # XXXX

1105 United California Bank, Money Market Account # XXXX

Other Current Asset Accounts • 1200–1699

1201 Petty Cash Fund

1203 Change Fund

1301 Accounts Receivable

1303 Accounts Receivable Interest

1305 Accounts Receivable Bad Checks

1307 Accounts Receivable Publications

1401 Inventory Student Store

1403 Inventory Vending Machines

1405 Inventory Snack Bar

1501 Other Current Assets

Fixed Assets • 1700–1999

1701 Equipment ASB Office

1703 Equipment Student Store

1705 Other Equipment

1801 Other Fixed Assets

Liability Accounts • 2000–2999

Accounts Payable Accounts • 2000–2099

2001 Accounts Payable Vendors

2003 Accounts Payable College Salary Reimbursement

2005 Sales and Use Tax Payable

2007 Other Accounts Payable

Trust Accounts • 2100–2199

2101 JFK Memorial Scholarship

2103 Mary Smith Memorial Scholarship

2105 Ming Kim Memorial Scholarship

2105 Frank Diaz Memorial Scholarship

2107 Tony Petrali Memorial Scholarship

2109 Susan Thomas Memorial Scholarship

2111 Clearing Account – Activities

2113 Clearing Account – Athletics

2115 Clearing Account – Other

Student Class Accounts • 2200–2299

2201 Class of 20XX

2203 Class of 20XX

Club Accounts • 2300–2399

2301 Alfa Gamma Sigma

2303 Black Student Union

2305 Latino Student Leaders

2307 Art Club

2311 California Scholarship Federation Club

2313 Filipino American Club

2315 Robotics Club

2317 Orchestra Club

2319 Computer Club

2321 French Club

2323 Future Faculty Club

2325 MESA Club

2327 Spanish Club

2339 Native American Culture Club

2341 Drama Club

Equity Accounts • 3000–3999

3001 Fund Balance

Revenue Accounts • 4000–4999

4301 ASB Cards

4303 ASB Dance Revenue

4309 Publication Sales

4311 Publication Advertisements

4313 Dance Revenue

4315 Interest Earned

4319 Donations

4321 ASB Fundraising

4329 Talent Show Revenue

4331 Car Wash Revenue

4333 Student Store Sales

4335 Student Store Over and Short

4337 Vending Machine Revenue

4339 Vending Machine Over and Short

4341 Snack Bar Sales

4343 Snack Bar Over and Short

4345 Snack Bar Commissions

4347 Inactive Clubs – Fund Close Out

Expenditure Accounts • 5000–5999

- 5301 Athletics
- 5307 Athletic Equipment and Supplies
- 5309 Athletic Trophies
- 5311 Athletic Awards Program
- 5315 Band and Music
- 5319 ASB Dance Expense
- 5325 Spring Musical Expense
- 5327 Talent Show Expense
- 5329 Publication Expense
- 5331 Academic Teams Expense
- 5333 Audio Visual Expense
- 5335 Armored Car Service
- 5337 Community Service
- 5339 Over and Short
- 5341 Student Activities
- 5343 Student Government
- 5345 Speakers
- 5347 Postage
- 5349 Transportation
- 5351 Conferences
- 5353 Leadership Camp
- 5355 Student Store Purchases
- 5357 Student Store Returns
- 5359 Student Store Taxes
- 5361 Snack Bar Purchases
- 5363 Snack Bar Returns
- 5365 Snack Bar Taxes
- 5367 Vending Machine Purchase
- 5369 Vending Machine Returns
- 5371 Depreciation
- 5373 Other Expenses

Balance Sheet – Small ASB

Associated Student Body Balance Sheet

As of May 31, 20xx

Assets		Liabilities	
Cash in Bank, Checking	\$8,000	Accounts Payable	\$5,000
Cash in Bank, Savings	2,500	Total Liabilities	\$5,000
Petty Cash	25	Fund Balance	
Student Store Inventory	350	Fund Balance as of July 1, 20xx	\$3,000
Total Assets	<u>\$10,875</u>	Net Gain (Loss) to Date	2,875
		Fund Balance as of May 31, 20xx	\$5,875
		Total Liabilities and Fund Balance	\$10,875

Bank Reconciliation Worksheet

Name of College: _____

ASB Bank Reconciliation Worksheet

Name of Bank: _____

Account Number: _____

For the Month of: _____

A. Ending Balance
per Bank Statement _____

G. Balance per
Accounting Records: _____

B. Plus Deposits in Transit:

H. Plus Interest: _____
I. Plus Adjustments:

C. Total Deposits in Transit: _____

J. Total Adjustments: _____

D. Less Outstanding Checks:

Date	Check #	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

K. Bank Charges:

L. Total Bank Charges: _____

E. Total Outstanding Checks: _____

F. Ending Balance (A + C – E): _____

M. Ending Balance (G + H + J + L): _____

Reconciliation Prepared by: _____
(Name, Title, Date)

Reconciliation Reviewed by: _____
(Name, Title, Date)

Review by ASB: _____
(Name, Title, Date)

Review by College Business Office: _____
(Name, Title, Date)

Chapter 8 – Fundraising Events

Although ASB organizations may receive some donations, the main revenue sources for most community college ASB organizations are activity fees and representation fees. Activity fees are often the largest revenue source, paying for the costs of activities such as dances (e.g., security, food, decorations, and janitorial). Fundraising can take on various forms but typically requires students' involvement, and the need for extra funds means that the number and types of fundraising events are constantly expanding.

Approval of Fundraisers

Education Code (EC) [76062](#) allows the governing board to authorize student body organizations to conduct fundraising activities. This section of the law makes it clear that the governing board or the board's designee is responsible for approving all fundraising activities, not just ASB fundraisers. This includes fundraisers conducted at the college campus by school-connected organizations.

Before approving any events, the board must consider many issues, such as student safety, whether the insurance company is comfortable with the event, and whether the event is appropriate for the students' educational experience. Board members or the board's designee may also have concerns about the number and type of fundraising events and whether these events interfere with the normal operation of the college. For example, it may not make sense for many of the clubs in the same college to hold a similar fundraiser or entertainment, such as a school play, on the same Friday night in September as a college football game, because participation may not be as high.

Fundraising Approval by the Board or Board Designee

As a good practice, the governing board should review and approve the ASB fundraising events at the beginning of each school year or designate an administrator to do this, so that scheduling or other conflicts can be avoided. As the year proceeds, any additional fundraisers will also need to be approved. In addition, the board should approve policies and administrative regulations that delineate allowable and prohibited fundraising events.

Fundraiser Priority Status

Some ASBs and clubs may have traditions that prioritize certain fundraisers, such as an annual spring festival fundraiser. For these fundraisers, it is the best practice to identify and prioritize these activities in college board policies, administrative regulations, club bylaws, or other ASB procedures. For all other fundraisers, the college should ensure it has a fair and equitable approval process.

School-Connected Organization Fundraising

All fundraisers should be submitted to the college governing board or the board's designee using a fundraiser approval form. This allows the college to coordinate all fundraisers and ensure no fundraisers are in competition with each other. School-connected organizations such as booster clubs do not submit their fundraisers through the ASB for approval; ASBs do not approve school-connected organization fundraisers. School-connected organizations submit their fundraiser requests separately in a process authorized by the college business office, culminating in preapproval by the governing board or designee.

Good Business Practices for Fundraising Approval

The administrator responsible for student services or ASB advisor should fill out some type of document at the beginning of each school year indicating the number and types of fundraising events that each campus student organization will hold that school year. Two sample forms are included at the end of this chapter. When completed, these forms should be sent to the college business office. Depending on board policy and/or practice, the business office can compile these forms and either prepare a resolution for the governing board to authorize the fundraising events or send the information to the governing board's designee for approval of all listed events. If there are changes in the number or types of events during the year, the administrator responsible for student services should submit a revised form that the board or its designee may approve.

Fundraising for Activities with Tiered or Limited Participation and Entrance Fees

Some ASB fundraisers are combined as part of a competition such as National History Day or sports competitions. When these competitions are ASB-sponsored and something extra the students propose, fundraising may be allowable. These competitions are often collegewide, but the funds raised will send only a specific number of students to the next round of competition. This means that even though a large number of students initially participated, only a select few will qualify to move forward. In addition, the next round of competition typically requires a per-student entrance fee for those individuals continuing on.

Using general ASB funds for an event in which only a small group of students may ultimately participate is usually not appropriate, because in such cases the students will have fundraised for an activity in which only a few of them will participate. However, if the ASB meeting minutes, fundraiser approval form and revenue potential form were properly approved, meaning the students were fully informed and understood the participation limits, the fundraising may be allowable. To increase awareness and to ensure such activities are allowable, a college should have board policy, administrative regulations, and ASB bylaws that allow students to fundraise for activities that have tiered, limited, or progressive qualification criteria that must be met for students to advance.

For any activities that have tiered, limited, or progressive participation based on meeting certain standards to advance, a college should ensure that its ASB bylaws and/or college board policy and administrative regulations are updated to allow recognition of individual successes under these circumstances. This is similar to a college's awards policy that recognizes students for excellence. A college's awards policy should either allow or prohibit ASB fundraising and expenditures for tiered, limited, or progressive participation in competitions in which only a select few students advance to the next level and for which additional costs may be incurred, such as competition entrance fees.

A college should also review how it handles similar requests for any events where only a few students are able to attend or compete. When such circumstances are allowed, the college or ASB should have a special trust account set aside to fund special requests. As outlined above, this type of expenditure falls into a questionable area because only a few students benefit. A core principle of ASB, especially the general ASB, is that it should benefit a group of students, or as many students as possible. Funding of tiered, limited, or progressive performance criteria-driven types of expenditures therefore may be better suited to a school-connected

organization such as a booster group rather than the general ASB. Alternatively, if the ASB has established a special trust account for such fundraisers and related expenses, and the expenditure has been properly preapproved in accordance with EC 76063, it could be allowable, subject to a district's board policies, administrative regulations, and practices.

Revenue Potentials for Individual Fundraiser Events

All student organizations need to have adequate internal controls over their fundraising events, evaluate the effectiveness of those events, and decide between often conflicting activity/fundraising requests. A revenue potential form (also known as a fundraiser versus actual report or a reconciliation after actual report) can help with this task and account for a fundraiser's financial activity. A revenue potential/revenue reconciliation is an important internal control, and most external auditing firms will indicate audit findings if this is not completed in some form for each fundraiser.

The revenue potential form serves as a sales plan that includes expected sales, sale prices per unit, expected costs, and net income; thus, it helps with planning and budgeting. All costs associated with a fundraiser, and how the proceeds will be used, should be included on the form. Because EC 76062 requires that the governing board approve fundraising events, this same revenue potential form can be compiled and submitted to the board or board designee for approval, be used to ensure that the administrator responsible for student services is informed of and approves all fundraising at the college, and be used to keep the bookkeeper informed about when they can expect to receive funds.

Each fundraiser needs to operate within a budget; a revenue potential form can serve as a fundraiser's budget document, and multiple revenue potential forms can be compiled to help prepare the ASB or club annual budget. Without a budget, it is easy to overspend and find that all the students' hard work of raising funds was to no avail because more funds were spent than raised. To complete the form, revenue and expenses will need to be estimated and then compared to ensure that in most cases total revenues are higher than total expenses. If they are not, expenses will need to be decreased or revenue increased. Some activities may be held even if they do not make a profit because they are found to be worthwhile, but funds will have to be raised elsewhere to cover the loss.

A sample revenue potential form is provided at the end of this chapter.

Parameters for Fundraising Events

Fundraising events should contribute to the educational experience and should not conflict with the college's educational program. Students should participate and make contributions to fundraising events voluntarily. They cannot be required to participate in fundraising events and cannot be excluded from an activity funded by ASB because they did not participate in raising funds. In addition, fundraising proceeds cannot be attributed to specific students based on what they raised. The funds are raised to benefit the entire club or student group, not individual students.

Unapproved/Disapproved Fundraisers

All fundraisers, both on and off campus, must be preapproved by the governing board or the board's designee. This should be done using a fundraiser approval form. The responsibility for properly administering and overseeing student fundraising activities resides with college

administrators responsible for establishing a proper internal control structure, training ASB and club advisors and students, and ensuring student funds and activities are safeguarded.

If an unapproved fundraiser occurs, the best practice is to accept and deposit the funds into the applicable club's account and counsel those responsible to prevent a repeat occurrence. This is assuming the fundraiser was not illegal or otherwise in violation of college policy, and that the club or ASB does not have a pattern of holding unapproved or disapproved fundraisers. When these unusual criteria apply, the college business office should be consulted to determine how the funds should be handled. Ideally, college board policy and administrative regulations should proactively outline the steps for handling such unusual circumstances.

Although a fundraiser may be disapproved or an unapproved fundraiser may occur, the club's students should not be penalized for their fundraising efforts. Rather, the club advisor is primarily responsible for not following college policies and procedures, as well as Education Code requirements, provided the club advisor was aware the fundraiser was proceeding without approval. Because the fundraiser should not have occurred, the administrator responsible for student services should be notified, and an administrative decision should be made about how best to proceed. The reasons for the original disapproval or unapproved status should be considered carefully, including whether student safety, college liability, or other concerns were the main reasons for the disapproval or unapproved status. An administrator responsible for student services should not pass up an opportunity to turn a negative or noncompliant event into a teaching and learning opportunity for all involved.

Fundraising – Internal Controls

A fundraiser occurring without prior approval is evidence that college procedures must be strengthened in this area. Among other concerns, proceeds from an unapproved fundraiser have a higher potential for not being fully accounted for. This is an internal control weakness and should be remedied immediately. Training and reminders of procedures and protocol in this area must be provided annually for all ASB clubs and advisors. Club advisors and any other responsible employees must be accountable for understanding and following all ASB provisions in both the Education Code and local board policy. Violations of these provisions should be addressed formally by college leaders and may be identified as findings by the college's external auditors in the annual audit report.

Scheduling Fundraisers

Effective scheduling of fundraising events requires review and coordination by the student council, ASB advisor, and appropriate designee/administrator responsible for student services. As a result, obtaining prior approval for a fundraiser is critical. Clubs should also know what fundraising events are already scheduled before requesting additional fundraisers; this helps avoid any conflicts in timing or types of fundraisers and helps maximize the proceeds of each fundraiser. The administrator responsible for student services should maintain a master school calendar that includes all activities and events.

Extra Credit for Fundraiser Participation

Participation in fundraising should never be required to earn credit or extra credit for a class, or for inclusion in any activity. The student council and other 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 for a variety of reasons.

Joint Fundraisers

Joint or shared fundraisers, one club fundraising on behalf of another club, two clubs fundraising together, or the general ASB/student council fundraising on behalf of other clubs, is generally allowed if the typical approvals are obtained by the student representative, advisor, and administrator responsible for student services. Before a shared or joint fundraiser is held, the fundraiser should be discussed with the college business office to determine whether there are any special provisions in board policy or administrative regulations that allow this practice. If there are no college policies, the student council or club constitution and bylaws should be updated to allow one club to fundraise on behalf of or with another club if it is in the club's interest.

Any time a joint fundraiser is allowed, a written agreement should be developed between participating clubs that describes how funds will be allocated, any participation requirements, cost considerations, and other conditions. Both clubs should specify their intent and the terms of the joint agreement in their respective meeting minutes and fundraiser approval and revenue potential forms.

Student Council Fundraising for Other Clubs

Although joint and shared fundraisers may be allowed, allowing the general ASB/student council to fundraise for an individual club may establish an unintended precedent. If the student council chooses to fundraise for other clubs, it should establish in the ASB constitution or bylaws the criteria that determine whether such fundraising assistance will be provided.

If the student council intends to help another club fundraise, funds from the general ASB that were raised for other purposes should not be diverted to help a club. Separate fundraising should occur to ensure that specific fundraising assistance for another club's benefit is not commingled with other general ASB activities. Because the general ASB/student council typically fundraises for larger or campuswide activities, if the student council intends to help individual clubs with general ASB funds, this assistance should be identified in the general ASB budget.

Fundraising — Unreturned Cash from Sales or Unreturned Items

Colleges should have rules to help ensure that unsold items from a student fundraiser and all cash from items sold are turned in, and to prevent students and others involved from neglecting to do so.

The first step is to create board policies or administrative regulations that define the procedures and rules governing unsold items. Next, 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 cash collected from items sold, and describing the authorized steps that will be taken in case of unreturned

items. 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. The college business office and the colleges' ASBs need to have policies and rules for unsold items that are consistent with one another.

For example, if the fundraiser is a lanyard sale and a student is issued 10 lanyards to sell at two dollars per lanyard, the total sales dollars expected is \$20 ($\2×10 lanyards).

If the student sells five lanyards, they should return \$10 in sales ($\2×5 lanyards) plus the five unsold lanyards. If the five unsold lanyards are not returned, the student or parent of a minor student is responsible for paying the additional \$10 in unsold lanyards, or for returning the unsold lanyards.

If the student sells five lanyards, returns five lanyards, but only returns \$6 ($\2×3 lanyards), then the student or parent of a minor student is missing four dollars ($\$2 \times 2$ lanyards) representing two lanyard sales and is responsible for paying the missing \$4 ($\2×2 lanyards).

Frequency and Scheduling of Fundraising Events

The governing board and the administrator responsible for student services need to consider how many fundraising events the students should hold during the school year. This is a local decision.

Scheduling fundraising events requires review, management and coordination by the student council, ASB advisor, and administrator responsible for student services. Clubs on campus need to know which fundraising events are already scheduled before requesting permission to conduct another fundraiser so they do not conflict in timing or type. Some colleges publish an event schedule that lists all ASB fundraisers for the year at each campus, which can be reviewed before scheduling any additional events. The college business office will often maintain the event schedule because they frequently receive the paperwork submitted for board approval of each fundraiser.

Typically Allowed Fundraising Events and Revenues

Approval for all fundraisers or revenue-generating activities should be documented using a fundraiser approval form and revenue potential form. In most colleges, the following types of fundraising events (or revenues) are generally considered allowable for ASB accounts:

- Local restaurant patron percentage of sales.
- Athletic events.
- Concession sales.
- Entertainment.
- Advertising.
- Publications.
- Student stores.
- Cultural events/international fairs.
- Food and beverage sales.

- Vending machines.
- Car washes.
- Dances.
- Merchandise sales.
- Scholarships and trusts.
- Gifts and grants.
- Interest earned.
- Sale of surplus items.
- Donation drives.

Some of these fundraisers are explained further below. Suggestions and tips for good business practices are included along with potential pitfalls to avoid. The intent is to be certain that reasonable safeguards and internal controls have been built into the event to ensure that the students will benefit from the activity.

Good business practice is for the administrator responsible for student services or designee to review and approve in advance any materials, performances and publications that will be part of the fundraiser. Legal questions should be referred to the college's legal counsel.

Athletic Events: A college may use any school-sponsored athletic event as a source of revenue if the event is in compliance with league agreements. A fundraiser approval form and revenue potential form should be used to document all aspects of the fundraiser. Income can come from various sources such as ticket sales, sales of programs, and concessions. This does not mean the ASB will always be the recipient of revenues from all aspects of athletic events. The governing board decides which club, school-connected organization or college account will receive each of the various types of revenues.

One frequent problem with athletic events is that the funds are deposited into an ASB bank account, but a coach wants full control over the funds. ASB funds must benefit students, and although athletic events are an allowable ASB activity/expenditure, students must control how the funds are spent, with coapproval by authorized administrators. If it is an ASB activity, an official student club (i.e., one that has a constitution, budget, faculty club advisor, and official meetings and minutes) must sponsor the event and control the funds.

The coach can be the club advisor if they are qualified faculty and if the administrator responsible for student services agrees to it. If the coach is not a qualified faculty member they may help with club activities, but the official advisor of the athletic club is the qualified faculty member. If the event is non-ASB and sponsored by the college, an athletic booster club, or other school-connected organization, the decisions can be made by the administrators or the coach(es), but the funds must be deposited into a separate account, (i.e., college, booster club, or auxiliary organization noncollege account), not the ASB account.

Concession Sales: Concession sales at student body activities, such as athletic events or dances, are another popular way for the ASB to raise funds. A fundraiser approval form and revenue potential form should be used to document all aspects of the fundraiser. The students may operate the concession stands themselves, or they may enter into an agreement with

an outside agency to run the stand (e.g., booster club, foundation, auxiliary organization, other school-connected organization, or commercial vendor). If an outside entity operates the concession stand, the college will often contract with the entity to split the profits based on an agreed-upon formula.

Entertainment: Entertainment includes performing arts concerts, dances, variety shows, and other events where an admission fee is charged. A fundraiser approval form and revenue potential form should be used to document all aspects of the fundraiser. The administrator responsible for student services should approve the content of any entertainment event in advance by approving the fundraiser approval form and ensure that the admission charge is a fixed amount that allows the maximum number of students to attend.

Advertising: The ASB organization may sell space in a school newspaper, yearbook, athletic or entertainment programs, athletic field billboards, or other school publications, unless the college has policy stating otherwise. A fundraiser approval form and revenue potential form should be used to document all aspects of the fundraiser. The administrator responsible for student services should approve the content of advertising to ensure it is suitable for a student publication or event. Contracts should be entered into only after college business office review and approval, and an invoicing system should be developed so that all applicable revenue is collected.

Publications: The ASB organization may sell publications such as yearbooks, literary magazines, and school newspapers. A fundraiser approval form and revenue potential form should be used to document all aspects of the fundraiser. The administrator responsible for student services should review the content of all school publications before publication. These publications may be sold to students and the general public. The ASB organization may want to establish a price for students that is lower than the price charged to the general public. The goal should be to ensure that the maximum number of students can purchase them.

Student Stores: Student stores may be established, provided there is no objection to potential competition with the college bookstore, to sell items that students need each day or to sell items that have the college logo on them such as hats, shirts, hoodies, and backpacks. Student store sales are a fundraiser. Food may also be sold, subject to the approval of the college's food service program and compliance with all applicable laws and board policies. [Chapter 11](#) discusses student stores. A fundraiser approval form and revenue potential form should be used to document all aspects of the fundraiser.

Cultural Events/International Fairs: These events usually include food and beverages, and they must comply with various state laws and local college policy regarding which food and beverage items can be offered and how often such sales can occur. A fundraiser approval form and revenue potential form should be used to document all aspects of the fundraiser. In general, all student clubs are allowed to participate in campuswide events where they can raise money and showcase club goals. Food and beverage sales are discussed in [Chapter 2](#) and [Chapter 3](#).

Vending Machines: The sale of food and beverage items is becoming increasingly limited and profits are declining, even with vending machines. When vending machine sales are allowed, a fundraiser approval form and revenue potential form should be used to document all aspects

of the fundraiser. Consideration must be given to contracts and inventory control; this topic is discussed further in [Chapter 10](#).

Scholarships and Trusts: Outside donors often give colleges funds to establish a scholarship. The student council may accept scholarships and trusts with the approval of the governing board or authorized designee. The acceptance should be made in writing, with all conditions the donor is requesting clearly described. A separate account should be established within the student organization's accounting system, and the requirements of the scholarship should be documented and retained at the college. A statement should also be included regarding the disposition of any remaining balance at the close of the period for which the fund is established. FCMAT recommends that the remaining balance not be given back to the donor, because the donor probably received a tax deduction for the scholarship donation; rather, the remaining balance should be moved to a different ASB account or used for an additional scholarship, depending on what the disposition statement indicates is to be done.

Included at the end of [Chapter 12](#) is a [Memorial Fund/ Scholarship Fund Information Sheet](#) to be filled out when a scholarship or memorial is started so that future actions are clearly understood by all. [Chapter 12](#) also contains additional information about scholarships.

Gifts and Grants: The student body organization can accept money, material or equipment with the approval of the governing board or designee. The items received must have a legitimate use for the ASB, with consideration given to installation and maintenance costs before they are accepted. This topic is discussed further in [Chapter 12](#).

Interest Earned: Interest may be earned in checking accounts, savings accounts and other investments that meet legal requirements per the Education Code. Interest earned may be prorated to the various student activity accounts or credited as revenue to the general student body account. Checking account balances should also be reviewed to determine whether excess funds should be invested in accounts that earn higher interest. Because the ASB funds should be spent by the students raising the money, saving funds to make interest is not an ASB priority.

Sale or Disposal of Property and Surplus Items: Sometimes an ASB club may want to sell items it purchased in the past that are no longer useful, or it may want to sell an item below cost or give away an item that it purchased to sell at a profit but has been unable to sell. This may be considered a fundraiser, so a fundraiser approval form and revenue potential form should be used to document all aspects of the activity.

Education Codes [81450](#) through [81454](#) describe the sale of personal property. EC [81450\(a\)](#) states:

The governing board of any community college district may sell for cash any personal property belonging to the district if the property is not required for school purposes, or if it should be disposed of for the purpose of replacement, or if it is unsatisfactory or not suitable for school use. There shall be no sale until notice has been given by posting in at least three public places in the district for not less than two weeks, or by publication for at least once a week for a period of not less than two weeks in a newspaper published in the district and having a general circulation there; or if there is no such newspaper, then in a newspaper

having a general circulation in the district; or if there is no such newspaper, then in a newspaper having a general circulation in a county in which the district or any part thereof is situated. The board shall sell the property to the highest responsible bidder or reject all bids.

A sale cannot occur until public notice has been given unless the value does not exceed \$5,000. EC 81452(a) states:

If the governing board, by a unanimous vote of those members present, finds that the property, whether one or more items, does not exceed in value the sum of five thousand dollars (\$5,000), the property may be sold at private sale without advertising, by any employee of the district empowered for that purpose by the board.

The board should sell the property to the highest responsible bidder or should reject all bids. The best practice is to follow education code and board policy for sale and disposal of district property.

Governing boards may choose to sell personal property at a public auction conducted by employees of the college or other public agencies, or by a private auction firm contracted to do so.

Based on these provisions, if the items to be designated as surplus were purchased with ASB funds, then the proceeds from any surplus sale are allowable ASB revenue. If the funds are to be placed in ASB accounts, this would then be considered an ASB fundraising event and, per the Education Code, the governing board or their designee would need to approve the fundraising event in accordance with established policy as described in this chapter. This is the first step, because a sale cannot proceed unless the governing board is willing to approve the raising of funds by selling surplus property.

If the governing board or their designee has approved the sale of surplus items as a fundraiser, or selling items at a loss, the items will need to be officially declared surplus property. The ASB is considered part of the college because it uses the college's tax identification number, so if ASB funds were used to purchase the items originally, the Education Code provisions regarding the sale of personal property must be followed. Thus, if the governing board agrees that the items are no longer required for school purposes, or are no longer needed because they will be replaced, or are unsatisfactory or no longer suitable for school use, the item or items can be designated as surplus. The items are to be sold to the highest responsible bidder, and public notice must be given before the sale unless the value does not exceed \$5,000.

Because of the specifics of the Education Code and how sales must occur, the ASB will need to work with the college business or purchasing office to ensure that the correct steps are followed. College business office staff usually have experience drafting such items for placement on the board agenda. The fundraiser cannot occur until all of the correct steps are followed.

Disposal of any property or equipment belonging to the ASB is typically done at the discretion of the ASB, subject to local board policies or administrative regulations regarding surplus

equipment. This includes scrap/obsolete inventory or supplies, such as clothing or costumes belonging to the ASB.

Where board policy and administrative regulations do not address ASB inventory, ASB bylaws should govern disposal. Surplus inventory may, at the discretion of the ASB, be sold as part of an approved fundraiser. Merchandise may be sold numerous ways, such as buy-one-get-one-free (BOGO), discounted, including the surplus item with another sale, or as part of a club or school spirit promotion. These methods of inventory sales often occur through the ASB student store. Disposal of inventory requires the same preapprovals as all other ASB expenditures.

Disposal of Equipment/Inventory Without ASB Approval

If a college disposes of equipment or inventory that belongs to the students without the students' consent, the students may choose to seek reimbursement from the college. However, the circumstances for this are unique to each occurrence. Some of the considerations may include the following:

- Were there any health, safety or liability considerations that necessitated the disposal of the items?
- Were there storage limitations that may have required disposal?
- Did the college communicate to the students the need to dispose of the items before the disposal occurred, and did the students document the communication in their minutes?
- Can the fair value of the items be reasonably determined, apart from any sentimental value?
- Does the college have an established process for handling or disposing of surplus equipment? In other words, does the college have board policies and/or administrative regulations that address the disposal of equipment or the storage and handling of items owned by the students or ASB?
- Do the ASB or club constitution and bylaws provide any guidance on this issue?
- Is the property part of the assets on the ASB's balance sheet?

Fundraisers That May Not be Allowed

The following are some of the types of fundraising events that governing board members, designees, and the administrator responsible for student services should not authorize. These items need to be explained and discussed at the local level if ASB groups wish to consider them.

Shall Not Allow – Raffles or Games of Chance

In California, qualified charities and certain other private nonprofit organizations may conduct raffles to raise funds for beneficial or charitable purposes. However, college entities, including student clubs, are not authorized to conduct or participate in raffles because they are not nonprofit organizations exempt from state tax as defined in the Franchise Tax Code. Rather, college entities are exempt from tax because they are government entities as described in Title 26, Internal Revenue Code, United States Code, Chapter 1, Section 170: "Charitable, etc.,

contributions and gifts” (26 USC 170). The term charitable contribution is defined in 26 USC 170(c).

It is possible for a private, noncollege, non-ASB nonprofit group (i.e., school-connected organization such as a booster club, foundation, or auxiliary organization) to conduct raffles as long as the following criteria are met:

- The organization is an IRS-approved tax-exempt nonprofit organization with an approved tax identification number pursuant to Revenue and Taxation Code 23701(d) and has obtained Franchise Tax Board (FTB) exempt status. IRS approval is not required; however, if the organization has been approved as a charitable organization as evidenced by an IRS determination letter, the process to obtain California exempt status is simplified. Without IRS recognition, the organization must have an FTB entity status letter as tax exempt.
- The organization must have been licensed to conduct business in California for at least one year before holding the raffle.
- The organization must register with the attorney general’s Registry of Charitable Trusts before conducting the raffle and ensure that written confirmation of the annual registration is received before holding the initial raffle. The registration period is September 1 to August 31. The written confirmation is a Registry of Charitable Trusts confirmation letter.
- These nonprofit groups must register every 12 months and for any given raffle.
- The raffle tickets and stubs must be prenumbered.
- Only adults of the charity or nonprofit may supervise drawings. Minors, which may include some college students, may not participate in buying, selling, or drawing ticket winners.
- The raffle or drawing may not be conducted over the internet.
- The raffle funds cannot be used to fund any beneficial, charitable, or other purpose outside of California.
- The organization must ensure that it uses at least 90% of the gross receipts (total amount before deduction of expenses) from the sale of raffle tickets for charitable or beneficial purposes of the organization conducting the raffle or for the benefit of another eligible organization.
- The group must also submit a nonprofit raffle report for all raffles conducted during the reporting year (September 1 through August 31) by October 1 for the following year; the report must include gross receipts, expenses, net profit, and the charitable purpose for which the organization used the money.
- Reporting may be aggregated for raffles conducted during the reporting period; raffles do not have to be reported individually.

Penal Code 320.5 governs which organizations qualify and how the raffles must be conducted.

For more detailed and current information about raffles, contact the State of California’s Office of the Attorney General.

What is a raffle?

If a participant is required to purchase a ticket to have a chance to win a prize, the drawing is a raffle and is subject to the provisions of Penal Code section 320.5 and related regulations.

Shall Not Allow – Opportunity Drawings

An opportunity drawing, also known as a free raffle, may be exempt from registration.

Penal Code 320.5, subdivision (m) states that a raffle is exempt from registration with the attorney general's office only if all of the following are true:

- It involves a general and indiscriminate distribution of the tickets.
- The tickets are offered with the same terms and conditions as the tickets for which a donation is given.
- It does not require any of the participants to pay for a chance to win.

Many school-connected organizations print tickets with the words “suggested donation” on them and call it a drawing rather than a raffle. This does not make it legal unless the group is prepared to give anyone who asks as many tickets as they want for free (no donation required). Even if a college attempts to distribute tickets in an indiscriminate manner, it is unlikely this could be accomplished successfully. Therefore, FCMAT recommends avoiding opportunity drawings.

Shall Not Allow – 50/50 Raffles

Are 50/50 raffles legal? The answer is no, because 90 percent of the gross ticket sale revenue is not used for charitable purposes. Instead, 50% of ticket-sale revenue is awarded as the prize and 50% is retained by the organization conducting the raffle. Penal Code 320.5 is a criminal statute, so violations may be forwarded to the local district attorney, city attorney, or county counsel for investigation and possible prosecution. In addition, the state attorney general may take legal action, under the provisions of the nonprofit corporation law, for breach of fiduciary duty or waste of charitable assets. The organization's raffle registration may also be suspended or revoked. For more information on raffles, see section 419.2(a)(2) of the raffle regulations, which can be found on the Office of the Attorney General's website. For more information about the 90 percent requirement, see Office of the Attorney General's website section about charities, which includes Instructions for the Application for Registration Nonprofit Raffle Program (CT-NRP-1).

Shall Not Allow – Other Forms of Drawings

Any drawing where a winner is selected is considered a raffle. This includes when tickets are given as prizes or as recognition for student accomplishments. This should be avoided. As an alternative, a college should develop a robust awards policy to recognize student excellence.

Prizes won in a drawing are often illegal and may be considered a gift of public funds, but a prize earned through recognition with pre-established criteria may be considered allowable when there are governing board policies or administrative regulations allowing this type of recognition.

Shall Not Allow – Trading Student Labor for Fundraising Donations

Some vendors and contractors may request that students work in exchange for a donation to the club or ASB. Even if supervised by a club advisor, such an arrangement must be prohibited. Trading or exchanging student labor for fundraising can be illegal because of the many payroll and payroll tax issues that may arise. Payment for labor, even for a donation to a club or ASB, could result in payroll tax implications for both the vendor and student. In addition, students may lack the necessary insurance to perform the work, may be compensated at less than minimum wage, and may work in conditions that violate child labor laws, among other issues.

May Not Allow – Activities that Pose Liability, Safety or Risk Concerns

Some fundraisers may not be allowed because they pose risk or health and safety concerns, and the activity is listed as an exclusion in the college's insurance coverage. Examples include the following:

- Mechanical or animal rides.
- Traveling petting zoos.
- Use of darts, arrows, or other weapons.
- Objects thrown at people (e.g. pie toss).
- Use of water tanks into which a person is dunked.
- Destruction of cars or similar objects with hammers.
- Trampolines, mini-trampolines, or bounce houses.

When the governing board or college employees have concerns about potential fundraising events and questions about whether the activity will be covered by the college's insurance, they should contact the college's risk manager to determine if the college's insurance will cover any accidents that occur during the event. For example, if a club wanted to bring in a traveling carnival as a fundraising event, the college should consider all the potential liabilities, such as:

- Will the college's insurance cover any damage to property caused by the carnival rides?
- What happens if someone is injured on a ride or becomes ill from eating food served at the event?

Insurance coverage should be determined when fundraising ideas are first discussed, not when a decision has already been made to hold the event. Some colleges require the risk manager to sign off on all ASB fundraising events before formal approval to ensure that insurance coverage will not be an issue.

Should Not Allow – Rental of College-Owned Equipment or Facilities to Outside Groups

In most colleges, the equipment and facilities are considered the property of the college. The college business office oversees the use of college equipment and property. If proceeds are collected for their use per the college's board policy regarding use of facilities, they are typically deposited into the colleges' general fund. The board policy should state who has the authority to rent out college equipment or property and who has the authority to spend the rental fees collected. Most college facilities use policies describe the steps required to use college facilities and equipment. Any rental revenue collected is not considered ASB money

because the students do not own the facilities and, for insurance and maintenance reasons, rarely retain ownership of equipment they purchase.

Fundraising Revenue – Always Deposit In an ASB Account

ASB funds are public funds, no different from other money a college receives. ASB funds should be deposited only into the ASB account and not into a personal or other non-ASB account. If funds are incorrectly deposited into a non-ASB account, the funds must be subsequently forwarded to the ASB account. All cash and other forms of payment should be provided directly to the ASB following collection if they are from an approved ASB fundraiser.

Fundraising Support from College Administration

Colleges have had many successful fundraising events throughout the years. What is successful at one college campus may or may not be successful at another. Success is often the result of good planning and organization, support from college administrators and the college business office, and communication and collaboration among all interested parties.

Board Guidance and Approval

Although everyone understands that the goal of fundraising activities is to raise money, it is more difficult to gain a full understanding of which fundraising activities are allowable and who should benefit from the proceeds. The governing board of a community college has the authority to authorize an ASB to conduct fundraising activities and to approve the fundraising events. The governing board or its designee should approve fundraising events annually, or the college should have board-approved policies and administrative regulations that delineate allowable and prohibited fundraising events. Approvals for fundraising activities should clearly identify not only the activity or event but also the beneficiary of the proceeds.

Procedures for Reporting Revenue Sources

Although the primary revenue source for student organizations is fundraising events, funds are also received from other sources. It is important for student organizations to recognize all revenue sources and establish control procedures for each. The control procedures may vary depending on the revenue source and can include revenue from student stores, vending machines, and gifts and donations. These sources are all covered in other chapters of this manual.

Each revenue source must be identified and included in the budget and in the fundraiser approval and revenue potential forms of an individual club or of the student council. This ensures that the student organization is aware of the revenue and therefore will include it in periodic budget reviews. In addition, each revenue source must be allocated to a specific use. Funds are always raised for a specific purpose, which should be documented in the fundraiser approval form. If fundraising will continue for more than one event, such as student store sales throughout the school year or other ongoing fundraisers over several months, one fundraiser approval form and one revenue potential form may be used annually to document the entire time frame of the fundraiser.

School-Connected Nonstudent Organization Fundraising

Student body funds and the funds of school-connected nonstudent organizations (booster clubs, foundations, auxiliary organizations and other similar organizations) should never be commingled. Student body funds are never to be used to front money for nonstudent body fundraising expenses, and vice-versa. Nonstudent organizations must be responsible for collecting their own money and tickets, have their own bank account and audit, and other items.

Nonstudent organizations are not to solicit funds on behalf of a college or its students during the school day without prior approval from the governing board or its designee for each individual fundraising event.

Unless board policy or practice states otherwise, and within appropriate limits, students can help with nonstudent organization fundraisers. Even though students may be involved, it is important that donors understand this is a nonstudent fundraiser.

The state Legislature passed a disclosure law (Business and Professions Code 17510 to 17510.95) to safeguard the public against fraud, deceit, and unwelcome demands, and to foster and encourage fair solicitations for charitable purposes so that donors will know what portion of the money will be used for charitable purposes. This law requires volunteers older than 18 to give potential donors or buyers information, including the purpose of the solicitation and the address from which further information about revenues and administrative expenses may be obtained. Chapter 20 discusses further how school-connected organizations may operate within the college.

ASB Accounts are not Pass-Through Accounts

Generally, ASB accounts are not and should not be used as pass-through or clearing accounts unless there is a properly approved ASB purpose for which a clearing account may be necessary (e.g., donation/charity drive). More information about charity drives and clearing accounts is discussed in the Clearing Accounts section of Chapter 13. Unfortunately, some colleges do this, typically making a deposit into ASB and then later journaling or writing a check for that amount out of ASB and moving it to another college account. Common examples of pass-throughs include fees, library fines, or snacks or coffee for faculty.

Money should be deposited into ASB accounts only if it is ASB funds (raised or donated to ASB) and will be used for allowable ASB purposes. Funds deposited into an ASB account become the property of the ASB, are governed by students, and require preapprovals for all expenditures. To move any funds out of ASB, even if they were moved there in error, the expenditure approval process must be followed, regardless of the revenue source or purpose of the withdrawal. The preapproval process includes meeting minutes, the use of a purchase order, and all other steps that accompany any ASB expenditure.

ASB accounts are sometimes found to contain funds that have been deposited for a school administrator's or faculty discretionary account, or that are proceeds from a nonstudent fundraiser. An administrator's name on an account clearly indicates that the funds have been raised or will be spent based on the administrator's decision, not the students'. ASB funds are to benefit the students by providing items and activities that augment their educational

experience, not to supplement an administrator's budget or support another organization's activity.

Fundraising Websites

Online fundraising has become a popular option, and the number of fundraising websites continues to increase. For college employees and ASBs, these have become a common way to raise funds for educational programs, even though there are often no college guidelines or controls related to their use. Increasingly, individual staff members and students are establishing their own accounts for specific classrooms, clubs, or programs without fully understanding the potential issues or implications.

Donations via online fundraising websites, such as GoFundMe, Snap Raise, and others, are individual campaigns and thus may be considered personal gifts and so are not taxed as income to the recipient. Anyone can raise money online using these types of websites; users often raise money for themselves or for friends they want to help.

Nonprofit organizations may also use these websites, or they may be used to raise money for an individual's favorite charity, but donations will be tax-deductible for donors only if they are made to a campaign certified as a charitable tax-exempt organization by the online fundraising website.

If an ASB is considering using a fundraising website, it should be aware that some online fundraising entities deduct a fee from each donation they receive. In contrast, a donation directly to the ASB or college for programs or expenditures does not incur a fee and thus the amount received is larger. If donation websites are used, donors need to understand that an amount less than their full donation may be given to the program or club, because a fee may be deducted first.

Colleges should establish guidelines and policies that prohibit employees from starting their own campaigns to raise funds via online fundraising sites with the intent to later donate the funds to a college program or ASB, unless the college has approved the use of the online fundraising site. When a college allows the use of online fundraising, detailed policies, procedures, and administrative regulations should be established that include all necessary steps to monitor and safeguard those funds. Alternatively, if a college chooses not to allow online fundraising, it is equally important that such a prohibition be described in governing board policy.

Request for Approval: Fundraising Event

Name of College: _____

Name of Club: _____

Request for Fundraiser Approval

Fiscal Year: _____

Date this form is completed: _____

Proposed event: _____

Description of fundraiser: _____

Requesting Club/Organization(s): _____

Proposed Date(s) of Event: _____

Club Contact Person: _____

ASB or Club Advisor: _____

Location of Proposed Activity: _____

Status of Event (circle one): New Event Held Previously (Years): _____

Budget Plan for Activity (Attach Description)

Revenue Potential form completed? Yes No (attached form if completed)

Other Background Information (such as other colleges or clubs that have held similar events):

Approval

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

AS/Student Council Recommendation Yes No

AS/Student Council Representative: _____

Signature, Title and Date

College Administrator or Designee Recommendation: Yes No

Approved by:

College Administrator: _____
Signature, Title and Date

ASB AS/Student Council President: _____
Signature, Title and Date

Recorded in ASB AS/Student Council Minutes on: _____
Date

Presented to College Office, if applicable, on: _____
Date

Reason for disapproval, if applicable: _____

Request for Approval: Fundraising Event with Revenue Projection Information

Name of College: _____

Name of Club: _____

Request for Fundraiser Approval and Revenue Projection

Fiscal Year: _____

Note: To be approved, applications must be submitted at least four (4) weeks prior to requested date.

Applications must be approved by administrator responsible for student services prior to the activity/ fundraiser.

Date form submitted: _____

PROPOSED ACTIVITY:

Name of activity or type of fundraiser: _____

Location of activity: _____

Facilities needed: _____

Items to be sold: _____

Date of activity:

First choice: _____ Alternate date: _____

Time of activity: From _____ a.m. /p.m. To: _____ a.m. /p.m.

Ticket selling price: \$ _____

Cash box/Tickets required? Yes No

Number of items purchased for sale: _____ @ \$ _____ each = \$ _____

ASB purchase order required? Yes No

How much income is anticipated? \$ _____ How much expense is anticipated? \$ _____

How will profit be used? _____

Note: Revenue analysis (fundraiser versus actual statement) is due two weeks after the activity/fundraiser.

Approval

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

AS/Student Council Recommendation: Yes No

AS/Student Council Representative: _____
Signature, Title and Date

College Administrator or Designee Recommendation: Yes No

Approved by:

College Administrator: _____
Signature, Title and Date

ASB AS/Student Council President: _____
Signature, Title and Date

Recorded in ASB AS/Student Council Minutes on: _____
Date

Presented to College Business Office, if applicable, on: _____
Date

Reason for disapproval, if applicable: _____

Date approved for/recorded on master calendar (If applicable): _____

Revenue Potential (Fundraising Budget versus Actual Statement)

Name of College: _____

Name of Club: _____

Revenue Potential/Fundraising Budget versus Actual Statement

Fiscal Year: _____

Name of Event: _____

Date of Event: _____

Date Form Completed: _____

EXPECTED REVENUE:	BUDGET	ACTUAL	DIFFERENCE
Sales quantity x Sales price	\$	\$	\$
OTHER REVENUE:			
Donations, Sales of ads, etc.	\$	\$	\$
TOTAL REVENUE (A)	\$	\$	\$
EXPENSES:			
Product quantity x Cost (per invoice)	\$	\$	\$
OTHER EXPENSES:			
Freight	\$	\$	\$
Advertising	\$	\$	\$
Other	\$	\$	\$
TOTAL EXPENSES (B)	\$	\$	\$
OTHER: (C)			
Items Donated or Given as Prizes – Quantity x Cost	\$	\$	\$
TOTAL PROFIT (A-B-C)	\$	\$	\$

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Recorded in ASB AS/Student Council Minutes on: _____
Date

Fundraising Event Profit/Revenue Projection

Name of College: _____

Name of Club: _____

Fundraising Event Profit

Fiscal Year: _____

Name of Event: _____

Date of Event: _____

Date Form Completed: _____

Part I: Revenue	Estimated Sales			Actual Sales			Difference	
	Number	Unit Price	Total (# x price)	Number	Unit Price	Total (# x price)	Units	Dollars
Number of tickets sold								
Number of items sold								
Other Revenues								
Advertising								
Other (describe)								
Other (describe)								
Total All Revenue								
Shortages								
Given away (attach documentation)								
Lost (attach documentation)								
Stolen (attach documentation)								
Damaged/Returned								
Remaining Unsold								
Total all losses								
Total Revenue (Revenue - Shortages)								

Part II: Expenses	Estimated Cost of Sales			Actual Cost of Sales			Difference	
	Number	Unit Price	Total (# x price)	Number	Unit Price	Total (# x price)	Units	Dollars
Cost of Items Sold								
Other Expenses								
Supplies								
Advertising								
Custodial Overtime								
Fees								
Other (describe)								
Other (describe)								
Total Expenses								

Part III: Net Profit for this Activity _____

Net profit is the difference between total revenues and total expenses.

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Recorded in ASB AS/Student Council Minutes on: _____
Date

Revenue Projection

Name of College: _____

Name of Club: _____

Revenue Projection

Fiscal Year: _____

Name of Event: _____

Date of Event: _____

Date Form Submitted: _____

SALES PROJECTION AND SUMMARY		Item #1	Item #2	Item #3	Item #4
Pre-Event Information					
1	Description of items sold				
2	Number of individual units received				
3	Less items given away (attach documentation)				
4	Less items lost/stolen (attach documentation)				
5	Potential items for sale (line 2-3-4)				
6	Sale price per individual item	\$	\$	\$	\$
7	Total revenue potential (line 5 x 6)	\$	\$	\$	\$
Post-Event Information					
8	Unsold items on hand (attach count)				
9	Calculated potential revenue from sales (line 7)	\$	\$	\$	\$
10	Actual proceeds from sales (see below)	\$	\$	\$	\$
11	Cash shortage or overage (line 10 minus line 9)	\$	\$	\$	\$

	Proceeds From Sales	Item #1	Item #2	Item #3	Item #4	Total \$
1	Gross cash count	\$	\$	\$	\$	\$
2	Less change fund	\$	\$	\$	\$	\$
3	Proceeds from sales (line 1-2)	\$	\$	\$	\$	\$

Explanation of differences in cash counts/proceeds: _____

Explanation of differences in projected sales: _____

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Recorded in ASB AS/Student Council Minutes on: _____
Date

Distribution:

Pre-event – Copy of form, with header and pre-event information completed, attached to activity request form.

Post-event – Original submitted to ASB bookkeeper, copy retained by club advisor.

Chapter 9 – Fees, Deposits, Refunds, and Other Charges

There is considerable confusion regarding fees, deposits, and other charges, and how they relate to community college education. Including this topic in the ASB manual, however, does not imply that the legally permitted fees, deposits, and other charges should be deposited into ASB accounts or belong to ASB. Most of the allowable fees belong to the college and should be deposited accordingly. This chapter is intended to discuss what is and is not allowable, regardless of where the money should be deposited.

Colleges have limited options when charging student fees, and legal guidelines are in place regarding items for which fees can be charged. Before assessing or charging a fee or deposit of any kind, a college must ensure that it is legal. Whenever a fee is being considered, the college's legal counsel should be consulted for an opinion regarding the fee's allowability.

Fees

Chapter 3 describes many of the education codes regarding community college ASBs and fees. Education Code (EC) 76060 - 76067 are specific to community college student organizations. EC 76060.5 allows a \$2 fee for student representation but also allows a student to refuse to pay that fee. EC 76350 - 76395 describe other authorized fees a community college may impose, including but not limited to fees for each semester, summer school, intersession, health supervision and services, health center operations, parking, student course auditing, and building and operation of a student body center. EC 76396-76396.4, California Community College Promise, was established to waive student fees based on a funding formula.

The Legislature has passed numerous laws allowing certain fees, and these are included in the Education Code, which means they are not forbidden by the California Code of Regulations Title 5 prohibition discussed above. Thus, colleges are allowed, but not required, to charge certain fees. Most allowable fees discussed in this manual should not be deposited into ASB accounts; rather, they are usually college revenues. It is not uncommon to find that deposits of fees into ASB accounts were improper and should have been deposited to a college account.

Requesting Donations

Colleges can always ask for voluntary donations of funds or property, and voluntary participation in fundraising activities, as long as a student's ability to participate in a college activity, either curricular or extracurricular, is in no way determined based on whether a donation was made. When asking for donations or fees, schools and colleges should consider working with their legal counsel to ensure compliance with applicable laws. Colleges should not send out a donation request with wording that indicates the donation is required rather than voluntary, because this is the same as a fee.

Physical Education Clothes

Regarding physical education clothes, EC 76224 states:

No grade of a pupil participating in a physical education class, however, may be adversely affected due to the fact that the student does not wear standardized

physical education apparel where the failure to wear such apparel arises from circumstances beyond the control of the student.

The circumstance beyond the control of the student include lack of sufficient funds.

Generally, a college may require students to purchase their own gym clothes of a college-specified design and color so long as the design and color are of a type sold for general wear outside of school. However, once the required gym uniforms become specialized by having a logo, college name or other similar characteristics not found on clothing for routine use outside of the college, they are considered school supplies and the college must provide them free of charge.

Refunding Charges

In some instances, refunds of certain fees may be allowable, though it often depends on specific circumstances. Typically, refunds are more likely allowable when fees have been charged for specific events than when tied to donations raised by a group of students. For example, if an event states on the fundraiser approval form that if the activity does not occur all individual fees will be refunded, then those funds should be tracked by individual payee to facilitate the processing of refunds.

Refunds are more likely prohibited when associated with student fundraising for a specific activity where the funds collected are considered donations, are raised by a group of students, and cannot be traced to an individual's personal payment. Refunds are also likely prohibited if the activity is not advertised as refundable. Refunds are part of the expenditure process. Depending on the circumstances, such as an abatement for issuing a refund, the refund may or may not require preapproval through the ASB purchase order process.

Whether refunds should or should not be issued is a local decision. The criteria for determining when refunds are allowed or not, and the process to be followed, should be outlined in local board policy, administrative regulations, and/or the ASB club's constitution or bylaws.

Prohibited Refunds

Although seemingly justified, supported by past practices, or noble in times of financial need, it is nonetheless generally impermissible to issue refunds for payments that were donations. Such a payment may be considered a gift of public funds, which is illegal. Refunds are also prohibited when board policy, administrative regulations, or ASB constitution or bylaws prohibit them.

Fees Versus Fundraising

Requesting a fee can appear similar to fundraising by a group for an activity. Both are considered fundraisers, which means they require an approved fundraiser approval form and revenue potential form. However, fundraising is more often associated with donations. If a fee is considered a donation to the ASB or club, it is unlikely to be refundable. Fees may be collected for field trips, and those fees may be refundable if the field trip is later canceled and if it was advertised that the fee would be refunded if the event did not occur. In these instances, amounts paid by students and others for the event should be tracked by individual payee. Unless refunds were expressly prohibited when funds were collected, if a student paid to attend an event, they should receive a refund if the event is canceled. Any allowable fee,

such as those for field trips, should be refunded as long as there are no provisions prohibiting refunds in board policy, administrative regulations, or the ASB constitution or bylaws.

When fees are collected and the activity does not occur, or when fees are advertised as refundable, a purchase order is not necessary to complete a refund, because the repayment is not an expense to the ASB but a reversal of a fee. The students should be notified of the forthcoming refunds, but further action by the student body is unnecessary. Unless the college has other required internal control procedures, the ASB bookkeeper may refund the fees and notify the students of the amount.

Fundraising for individual students is not a function of ASB. When students are fundraising, they are raising money for all students to participate as a group. Funds raised in this manner are considered donations and should not be refundable. Although individuals may be asked to pay certain expenses, no student can be prevented from attending an ASB club event because they did not pay or fundraise. If there are insufficient funds for an activity or for all students to participate, the activity should not occur unless or until enough funds are raised or found from other sources.

Student Store Refunds

See Chapter 11, The Student Store.

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Chapter 10 – Vending Machines

Vending machines are set up and managed in many ways in colleges. Sometimes ASBs operate the vending machines and sometimes the college, its food service program, or school-connected organizations operate them. Vending machines are found on college campuses, in college offices, and at athletic events. Because vending machines may dispense food and beverages, the college food service program administrators should be consulted before any contracts are entered into and machines are placed on campus.

Purpose

Vending machines have two purposes: to provide a product or supply that students and staff can use, and to raise funds by making a profit on the sale of those products.

Products Sold

A variety of items may be sold using vending machines, ranging from beverages and foods to school supplies such as pens and pencils. Because food and beverage laws are evolving, which products may be sold should be discussed with the college food service program administrators.

Issues with Vending Machines

The college board of trustees should create a policy to provide direction and parameters regarding how vending machines may be used in the college. Policy directions should include the following:

1. How and where vending machines may be placed, indicating the responsibility or sponsorship through the following:
 - ASB.
 - Food service program.
 - School-connected organization (e.g., booster club, foundation, auxiliary organization).
 - Shared or joint sponsorship by two or more organizations or groups.
2. Products permitted:
 - Exclusive product selection or endorsement, in compliance with state and federal regulations where applicable.
3. Contract arrangements:
 - Installation, maintenance, quality, quantity, commission rates, and selection of vendor and products, in compliance with the Education Code and Public Contract Code.
 - Adherence to competitive bidding requirements.
 - Contract terms and conditions.
 - Contract review parameters and signatory authorization.

4. Fiscal management:
 - Periodic financial statements.
 - Internal control procedures.
 - Inventory management.
 - Audit guidelines.

Good Business Practices for Vending Machine Operations

Because of the many different ideas and options for vending machine operations, the college business office should first meet with administrators and advisors to determine which options and practices will best meet the students' needs. To ensure successful operations, best practices unique to the needs of individual colleges and campuses should be identified. Board policies and administrative regulations may include items such as the following:

- Overall guidelines for vending machine management.
- Administrative regulations describing who does what and when.
- Administrative regulations regarding the latest ideas and where to get help with new situations as they arise.

The procedures described on the following pages are also strongly recommended to ensure successful vending machine operations for ASB organizations.

The good business practices presented indicate when the business office should take the lead and when primary responsibility rests with the college campus.

Good Business Practices for Business Office Leadership

The college business office should do the following:

- Actively support ASB vending machine management by hosting annual meetings to discuss vending machine operations.
- Review board policies and administrative regulations annually with ASB leaders. In collaboration with the college ASB leaders, the college business office should propose and draft new policies or regulations to facilitate practices that benefit student organizations.
- Provide annual training on all aspects of ASB fiscal management, including vending machine operations.
- Assign a specific employee to be the contact for all ASB fiscal management questions.
- Review bids, specifications, and requests for proposals on all vending machine options and operations.
- Review all contracts of agreement, including annual contract renewals, for legal sufficiency and for maximum profit margin with minimal risk to student funds.

Good Business Practices for AS/Student Council

The student leaders should do the following:

- Develop a collaborative relationship with the college business office staff member assigned to work with ASB operations.
- Attend and actively participate in annual meetings and trainings hosted by the college business office.
- Be familiar with board policies, administrative regulations and college procedures related to vending machine operations.
- Bring all questions to the attention of the college business office, and request help with all problems.
- Determine which items will provide maximum benefit to students.
- Learn the rules and practices of sound inventory management. For example, monitor the inventory turnover and shelf life of individual products; conduct inventory counts regularly; store inventory stock in a secure place; and have two people count cash and stock or restock vending machines.
- Review and update the sale price of products to ensure an adequate profit margin for students.
- Consider inventory needs during holidays and other times when the college is not in session.
- Do not use vending machine items as a reward or payment for services (e.g., handing out free items to students who help at the ASB information booth).
- Follow rules and good business practices related to risk management, such as not allowing students to count vending machine funds alone.

Vending Machine Operations

An ASB may set up vending machines several ways, depending on how and where the machine is to be used. The four main options for vending machine management are as follows:

- Option I – The ASB purchases, stocks, operates and manages the machines.
- Option II – The ASB leases or rents the machines and stocks, operates and manages them.
- Option III – A contracted third party owns, operates and manages the machines and pays a commission to the ASB.
- Option IV – The college food service program or the college itself operates the vending machines; the ASB is not involved.

For options I, II and III above, where the ASB operates the vending machines, the following explanations will help colleges determine the most successful option for a particular situation or operation. Regardless of which option is selected, as described above, creating best practices, board policies and administrative regulations provides clarity for successful vending machine operation and management.

Some colleges limit the number of daily sales events a group (e.g., ASB, or school-connected organization) may conduct, and/or the number of groups that can conduct daily sales, in a school year. Vending machine sales may be considered a sales event. This means that the club

sponsoring the vending machine could count as one ASB group conducting daily sales, and therefore, no other club could sell food and/or beverages daily.

Vending Machine Management – Option I

The ASB organization may purchase the vending machines. In this case, the ASB organization is responsible for keeping the machines filled with product and handling the money. Stock is purchased, stored, and inventoried by the ASB. Included with this option are maintenance and repair costs. The ASB should plan and set aside funds to replace the vending machine as needed if the desire is to continue fundraising.

The ASB has sole discretion to establish product prices and thus determine profit margin, within any college policy limits. Property/liability insurance for loss or damage, particularly vandalism, would be a cost of owning and using a machine as a fundraiser.

Vending Machine Management – Option II

The ASB organization may contract with a vending machine company to rent or lease vending machine(s). In this case, the ASB organization is responsible for keeping the machines filled with product and handling the money. This would include purchasing, storing and keeping inventory records of the stock.

The main difference between options I and II is that under option II the ASB does not own the vending machines and probably would not have primary responsibility for any machine repair, maintenance or replacement. The lease or rental agreement with the vendor would specify machine repair and replacement terms, including each party's risk management responsibilities.

Vending Machine Management – Option III

The ASB organization may contract with a vending machine company to install a machine at a college campus, fill the machine with products, and take the money out of the machine. The contract must indicate the terms of the agreement. The ASB would receive a commission, usually based on the vending machine sales.

The college should consider including provisions in its contract that answer the following questions:

- How much will the ASB organization receive from the sale of each item?
- If the vending machine company raises the price of the product, does the ASB receive a portion of the increase?
- What products will be stocked?
- What happens if the machine is vandalized?
- Who is responsible for giving refunds to students when the machine loses money that is deposited or when the change feature of the machine malfunctions?

The contract should also include a provision that allows members of the ASB organization and campus employees to periodically observe the company's personnel collecting cash from the machine. This allows the ASB to verify that it is receiving the correct amount of revenue.

Advantages and Disadvantages of Various Vending Machine Operations

Option III is obviously the easiest for an ASB organization, but it also results in less income.

Under the first two options, the ASB organization must purchase the items to sell and be responsible for good business practices and internal controls when restocking and when taking money out of each machine. Each of these functions takes time when performed correctly.

If the ASB is responsible for stocking the machine and handling the money, the organization needs to establish procedures for the following:

- Managing stock.
- Collecting cash from the machines.

In addition, if the ASB is responsible for the machines, the board policies, administrative regulations, and ASB bylaws regarding how many groups can sell food and beverages and how often may apply. For example, a vending machine that is available every day during school hours will count as the one group doing daily sales if the group stocks and manages the machine.

The following is an outline of good business practices and proven procedures for managing stock and emptying machines.

Procedures for Managing Vending Machine Stock

If the ASB organization is responsible for stocking the machine, it should buy items in large quantities whenever possible, because this usually provides a lower cost per item. However, food and beverages have a limited shelf life, so no more than a two- or three-month supply is recommended for these items. Recommended procedures for maintaining stock are as follows and correspond to the sample Vending Machine Inventory Log at the end of this chapter:

1. Store all items in a secure, environmentally-controlled and contaminant-free area to which access is limited.
2. Maintain a log of all items stored. Record the items in columns A and B of the log when they are purchased.
3. Compute the cost per item for the items purchased and record it in the cost per item column.
4. In column C of the Vending Machine Inventory Log, record the items taken from storage.
5. Use the inventory balance column on the Vending Machine Inventory Log to record a total of the number of items that should be in the storeroom at any time. Update this column each time items are purchased or taken from storage. This is accomplished by adding items purchased to the amount on the previous line in the inventory balance column and deducting items taken out of stock from the previous line in the inventory balance column.

Fraud Alert

A common fraud is to remove coins and cash from the vending machine funds collected. The funds pilfered are usually in the \$5-\$40 range depending on the number of vending machines and frequency of collection. This type of fraud is easy to reduce by reviewing the vending machine inventory count sheets and periodically recounting vending machine inventory to confirm that the counts are correct.

6. Take a physical inventory, or count, of the items in storage once a month. Compare the number of items in storage to the amount remaining in the inventory balance column of the Vending Machine Inventory Log.
7. Record the inventory in the last two columns of the log to provide a record that the inventory was taken. Two people should always count the inventory and initial the box marked "Initials." The ASB advisor and the students should determine the reasons for any discrepancies between the amount shown in the inventory balance column and the count of the items remaining, which is shown in the number of items in inventory column.
8. The ASB advisor should contact the administrator responsible for student services and the college business office for assistance if any significant discrepancies are noted or if help is needed with inventory management.

Procedures for Collecting Cash from Vending Machines

When it is time to collect the money out of a vending machine, the machine is also typically restocked. The number of times the students perform this procedure will depend on the volume of sales. The following are recommended procedures for restocking and counting the money.

1. Two students or school employees should have this responsibility; no one should restock or take money out of the vending machine alone.
2. One person counts the money and records it on the ASB Cash Count form (see sample form at the end of Chapter 13). The total amount of money taken from the machine is recorded on line F of the Vending Machine Control Sheet.
3. The second person counts the number of items remaining in the machine and records this information on line B of the Vending Machine Control Sheet.
4. The second person takes the inventory needed to stock the machine from the storeroom where the stock is kept.
5. The second person stocks the machine and completes the information on line H of the Vending Machine Control Sheet.
6. When each person has completed their work, they trade duties and verify the counts made by the other person. Each person then signs the Vending Machine Control Sheet.
7. The Vending Machine Control Sheet, Line A, Number of items in the machine at the last count, is entered from line I of the Vending Machine Control Sheet that was completed the last time the machine was stocked.
8. Vending Machine Control Sheet Lines C, D, E, F, G, and I are entered and computed.
9. Any significant discrepancy on line G of the Vending Machine Control Sheet is reported to the ASB advisor and the administrator responsible for student services, and is investigated immediately by the ASB advisor. The college business office also is advised immediately.
10. The ASB advisor signs the Vending Machine Control Sheet when the process is complete.
11. The information on the Vending Machine Control Sheet is used as the beginning point the next time the machine is emptied and restocked.

12. If the campus has more than one vending machine, separate control sheets are used for each machine.

These procedures can vary depending on the type of vending machine the ASB has. For example, if the machine has automated product counters, the students should verify the accuracy of that data.

College Administrator: _____
Signature, Title and Date

Recorded in ASB AS/Student Council Minutes on: _____
Date

Items counted by: _____
Signature, Title and Date

Items counted by: _____
Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Recorded in ASB AS/Student Council Minutes on (date): _____
Date

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Chapter 11 – The Student Store

A student store may be allowed to operate on a college campus; however, some colleges may not allow a student store because it may compete with the bookstore. College bookstores typically sell items that an ASB store may also sell, such as hats and sweatshirts with the college logo, and supplies such as pens and pencils. When operation of an ASB student store is being considered, discussion with administrators, review of board policy, and coordination with and permission from the college bookstore should be considered. An alternative to an ASB student store is an agreement with the college bookstore that certain inventory items will be sold for the ASB through the bookstore, and the bookstore will pay a portion of the ASB sales to the ASB.

When a campus ASB student store is allowed, its sales are considered a fundraiser. A student store is typically a subaccount of the student council/general ASB, and so the funds raised support the overall student body. Some student stores may operate through a specific club or be operated by a group of clubs. In either case, the store should be run by the students and administered by a faculty advisor. When allowed, the student store typically sells items that students use during the school day, such as pencils, paper, binders, limited snacks and beverages that meet nutritional standards set by the college, and items that have the school logo such as hats and sweatshirts. Other items may be sold through the student store to supplement student fundraising. Student stores raise funds for student organizations while also providing a valuable service for students.

All items sold at the store should be approved by the college administrator and advisor. To ensure no unapproved items are sold at the student store, a preapproved list of allowable items should be maintained. If the student store is not operated by the ASB or not intended to supplement student fundraising, it should not be accounted for in the ASB books and records.

ASB Store Operations

Guidelines and procedures or a separate student store manual should be developed for how revenues from the store are allocated, budgeted and spent. These decisions should be documented in meeting minutes and in the ASB's internal procedures at each campus where a store is operated.

The sales volume and the profit level of a student store usually depend on the following:

- The size of the campus.
- The number of students at the college.
- The physical size of the store.
- The number of products available.
- The days and hours of operation.
- Student leadership and the counseling role of the ASB advisor and bookkeeper.

Student store hours of operation should be decided jointly at each campus by the student organization, ASB advisor, and administrator responsible for student services.

The student store is typically a fundraiser that augments the ASB organization and should operate only to enhance the students' educational experience. Because of the unique objective of a student store, considerations must extend beyond profit per square foot, which is a common metric used in retail sales. Conflicts with class schedules, operational difficulties, and appropriate supervision are all considerations that may indicate a smaller and more efficient student store operation is preferable to a larger one.

Faculty Student Store Advisor

When the ASB operates the student store, the advisor overseeing the store must be a qualified, current faculty employee of the college. Other individuals such as classified employees, volunteers, or the ASB bookkeeper may assist, but the faculty advisor must always be with the students in the store even if other nonfaculty individuals are present. If a decision is made that students will not participate in the operation of the store during a specific time, a nonfaculty employee may operate the store during that time; this is a local decision. Regardless of how the store is operated, proper cash handling practices and other internal controls should be followed.

Food Sales

Because the laws and restrictions related to the sale of food and beverages change, the ASB advisor and the students should always seek counsel from the college food service director to determine which food and beverage items may be sold in the student store. This will ensure compliance with board policy, state and federal regulations, and the college's goals related to student nutrition.

Clothing Sales

Nonmandated clothes for physical education or sports classes are often sold in student stores. This is a convenient place for such sales because it eliminates the need for cash boxes, tracking procedures and inventory security at other locations on campus. Most college ASBs will also sell other clothing items, such as college-branded items. These are also appropriate items for the student store.

Regarding gym or physical education clothes, Education Code (EC) 76224(b) states the following:

No grade of a student participating in a physical education class, however, may be adversely affected due to the fact that the student does not wear standardized physical education apparel where the failure to wear such apparel arises from circumstances beyond the control of the student.

The circumstances referred to in code include lack of sufficient funds. The college may require students to purchase their own gym clothes of a college-specified design and color only if they are of a type sold for general wear outside of school and can be purchased anywhere, not just at the student store or the college.

Once the required gym uniforms become specialized in terms of logos, college name or other similar characteristics not found on clothing for typical use outside of the college, they are considered school supplies, and the college must provide them free of charge. Therefore, if

physical education clothes with the college mascot and name on them are sold, their purchase cannot be mandated.

Yearbook and Event Sales

Sales of items such as yearbooks and payments for social events, school dances and similar events can all be carried out through the student store. The internal controls set up for the store must allow proper tracking and accounting of these types of sales. Once the controls are established, having the store carry out the sales can greatly simplify the administrative burden these types of sales can create.

Refunds

Student store refunds are similar to refunds issued in retail establishments. If the college has developed and approved written procedures, board policies, administrative regulations, a student store manual, or ASB bylaws for issuing refunds in certain circumstances, refunds may be allowable in the student store. A refund that meets the college's guidelines should require approval in advance from the store advisor. Some colleges also require that the ASB advisor approve refunds as a second level of oversight.

When refunds are considered allowable and are approved by the store advisor, a purchase order is not necessary to authorize the refund and complete the refunding process, because the refund is not an expense to the ASB but rather a reversal of a sale. When refunds are issued, the students should be notified of the refund(s) using a college business office-approved form or method of notification, but further action by the student body is unnecessary. Unless the college has other required internal control procedures, the store advisor may refund the sale(s) and notify the students of the amount.

Circumstances under which refunds may be denied should be listed in board policy or administrative regulations and may include when no receipt is available; when signs in the store indicate all sales are final; when a product was partially consumed, used or damaged; when considerable time has passed since the purchase; or when for any reason the item cannot be resold.

Sound Business Practices for Student Stores

Although a student store is more complex and usually has many more transactions than most student fundraising events, transactions should be recorded in ASB accounts just like other fundraisers. The accounting methods, internal controls and rules used for other transactions and fundraisers should be followed for the student store, including the requirement of prior student council approval for all purchases. Responsible administrative staff should review these methods, internal controls and rules at least once a year to ensure they are adequate.

Fraud Alert

Student stores are often a fun and fast-paced location that offer many opportunities for friends of those operating the store to enter and remove inventory undetected. When this occurs and is discovered, those working in the store are often blamed for inventory shortages. In addition, because student stores are a cash-intensive operation, it is very common for petty thieves to simply not ring up sales and pocket the cash. The strongest deterrent to unexplained inventory shortages or theft is a video surveillance system. If the ASB cannot afford a surveillance system, consider purchasing signs that state that there is a surveillance system. Sometimes the perception of detection is enough to deter theft.

Like any privately-owned store, student store operations are susceptible to theft. The good business practices described below for internal controls apply specifically to a student store and can help reduce the risk of theft.

Location and Security

The administrator responsible for student services should provide a space for the student store, with a layout that helps prevent theft, damage or other loss of inventory and items used in the store's operations, including cash receipts. Inventory and cash receipts should be secured at all times, without exception (this means both when the store is open and during evenings, weekends, holidays, or any other times).

Stock and Pricing Policies

The ASB advisor and ASB bookkeeper need to work with the students to maintain a detailed record of all items purchased for the student store. The ASB advisor should also work with students to determine what types of items to purchase for the store and an appropriate sales price for each item. Past sales should be evaluated each year to determine any changes in pricing or in items stocked. This is an opportunity for students to learn about retail operations.

Cash Handling

Unless the volume of store sales is extremely low, it is a good idea to purchase and use a point-of-sale system or cash register. If a cash register is unavailable, a cash box or other secure method should be used.

As sales are made each day, the students should maintain a record of the number and types of items sold and the amount of cash received. Some cash registers have a feature that tracks the types of items sold and the cash collected. If there is no cash register, or if the cash register does not have this tracking feature, the students will need a manual tally sheet or ticket control of the items sold throughout the day. The Student Store Daily Sales form at the end of this chapter can facilitate daily reconciliation of items sold with cash collected.

As items are sold, a student records the sale on the Student Store Daily Sales form. At the end of the day, the marks are totaled and multiplied by the sale price of each item. The total value of all sales is then compared to the cash collected. The ASB advisor and the students should immediately determine the reason for any significant differences reported on the Student Store Daily Sales form. Procedures should be established for daily reconciliation of cash registers or cash box collections and total sales receipts. Scheduled deposits should be made, and night security should be established for all cash on hand. An ASB Cash Count form (found in Chapter 13) and register tapes should accompany all deposits.

Fraud Alert

Student store cash is easily taken. Students who operate cash registers and sell inventory, as well as advisors who handle the cash, can easily be accused of theft because they have access and opportunity to remove cash.

Each student should count their own cash with a witness and reconcile cash and inventory at the end of each shift. Advisors should only count cash with a witness, and both the advisor and the witness should sign two copies of the Cash Count form. After the cash is counted, the money should be sealed in a tamper-evident bank bag and the advisor and the witness should take it to the ASB bookkeeper for deposit.

Inventory Count and Management

At least once a month, students should take a physical inventory of all items in the student store and compare the physical number remaining to the calculated number remaining. The Student Store Daily Inventory Log form at the end of this chapter is designed for this task. The ASB bylaws should document how often inventory is to be taken.

Two students should count the inventory and record their counts on separate inventory forms. The students should then compare the two counts and recount any that do not match.

After the count is complete, the students should compute the amount remaining in inventory using the Student Store Monthly Inventory Calculation form. This form is used to compare the monthly physical inventory of goods to the number of items that should be in the store based on the recorded daily sales and receipts.

The students and the ASB advisor should investigate any significant differences noted on this form. The ASB advisor and the administrator responsible for student services should seek the assistance and counsel of the college business office if they cannot determine and correct the cause of discrepancies in student store inventory.

Accounting

Procedures need to be established to ensure that the daily receipts are allocated to the proper ASB account. This is important for student stores that conduct event sales for which the receipts go to a specific fund or club instead of into a general fund for the student organization.

Training and Practices

A discussion of student store operations should be a standing agenda item at the periodic meeting of the college business office and ASB leaders. This discussion should include practices, successes, and areas where additional training is advisable. Everyone — including the college, and most important, the students — benefits when ASB student store operations are successful.

Sales and Use Tax

The California Department of Tax and Fee Administration issues two publications that include instructions on sales and use tax: Publication 18 for Nonprofit Organizations, and Regulation 1597 for Property Transferred or Sold by Certain Nonprofit Organizations. Although colleges are exempt from federal and state income taxes, in some circumstances they must pay California sales tax on gross sales. For sales tax purposes, ASBs are considered nonprofit organizations because they are authorized by the governing board of the college. Publication 18 describes the main factors that determine whether a nonprofit youth organization is considered a retailer that must pay sales tax or a consumer that is not required to pay it. Page 20 of Publication 18 states, in part, the following:

Retailers

Youth groups that sell merchandise such as t-shirts, wrapping paper, mugs, and other items, are generally known as retailers of those products. Sales of these items are taxable and your group must obtain a seller's permit and file sales and

use tax returns. Please see Registration Requirements and Collecting and Paying Tax. Your group may need a permanent seller's permit.

Consumers

Qualifying requirements

Specific types of nonprofit youth organizations may qualify as consumers in certain situations. To qualify as a consumer, your group must be one of the following:

- A nonprofit organization that qualifies for tax-exempt status under Internal Revenue Code Section 501(c). Your primary purpose must be to provide a supervised program of competitive sports for youth or to promote good youth citizenship. The group must not discriminate on the basis of race, sex, nationality, or religion.
- A youth group or club sponsored by or affiliated with a "qualified educational institution." This includes, but is not limited to, student activity groups such as debating teams, swimming teams, bands, and choirs. Most public and private schools are qualified educational institutions. Qualified educational institutions do not include schools that discriminate on the basis of race, sex, nationality, or religion. Youth organizations affiliated with them do not qualify for the tax exemption.

If your youth group does not meet the requirements listed above, it is generally considered the retailer of products it sells and may need a seller's permit.

An ASB authorized by the governing board of a college is therefore typically a consumer for sales tax purposes. To qualify as a consumer, a group may sell only food products, nonalcoholic beverages, or items made by members of the organization; all profits may be used only to advance the organization's purpose; and sales may occur only on an irregular or intermittent basis. Items made by members of an organization include products such as shirts that the ASB has a vendor alter to include the school's name, logo, or other design modifications. Each college should determine whether sales are irregular or intermittent.

Irregular or intermittent may be defined as sales or fundraisers that are sporadic, limited in duration, and cover a series of events that continue over a specified amount of time. Examples of irregular or intermittent fundraisers are yearbook sales, occasional sales by the ASB or a club throughout the year, sporting event gate receipts, annual rummage sales, and any fundraiser that occurs in stages and ends during the school year. Sales made in a storefront or mobile retail outlet that normally requires a local business license do not qualify as intermittent or irregular sales.

Although consumers do not need to collect sales tax, their purchases are usually taxable, and they cannot issue a resale certificate to any suppliers. Since the suppliers will generally owe tax when they sell merchandise to the ASB, those purchases will typically be taxable to the ASB.

Publication 18 contains the following special provision on page 18 for yearbooks and catalogs sold or distributed to students:

A public or private school, school district, student organization, or county office of education is considered the consumer of yearbooks and catalogs it sells. The yearbooks or catalogs must be prepared for, or by the school, district, or organization and distributed to students. There is no restriction on how the profits may be used.

Sales tax is normally paid when goods are purchased at retail, so when the goods are resold, sales tax is due on the difference between the purchase price and the resale price.

Ongoing Sales

In contrast, because student store sales are usually ongoing and neither irregular nor intermittent, they are not exempt from collecting and paying sales tax. However, individual student stores **should not** have their own individual sales tax permits. The sales tax permit applicable to ASBs and campus locations is held by the college business office. Only one sales tax permit is needed for each college.

Sales Tax Return

The college business office typically files all sales tax returns for all college sites. It is most efficient to include any sales tax due from all student store sales throughout a community college district on a single sales tax return. This ensures greater accuracy when preparing the sales tax form.

Use Tax

Use tax must be paid on items purchased from a retailer but for which sales tax was not paid at the time of purchase. This usually occurs when goods are purchased from out-of-state vendors. Just as the college business office files a periodic sales tax return, it also files a use tax return. It is most efficient to include the student store's information on the college's use tax return.

Additional information about both sales and use taxes can be found on the [California Department of Tax and Fee Administration website](#).

Student Store Daily Sales

Name of College: _____

Name of Club: _____

Student Store Daily Sales

Fiscal Year: _____

Date this report prepared: _____

Item					
Number Sold					
Unit Price					
Total Dollar Value of Units Sold					

Item					
Number Sold					
Unit Price					
Total Dollar Value of Units Sold					

Item					
Number Sold					
Unit Price					
Total Dollar Value of Units Sold					

Item					
Number Sold					
Unit Price					
Total Dollar Value of Units Sold					

Reconciliation of daily sales to the cash collections:

Total dollar value of units sold: _____

Total cash collected: _____

Difference: _____

Explanation: _____

Report prepared by: _____

Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

Student Store Daily Inventory Log

Name of College: _____

Name of Club: _____

Student Store Daily Inventory Log

Fiscal Year: _____

Date this report prepared: _____

Item						
Total Number Counted						
Item						
Total Number Counted						
Item						
Total Number Counted						
Item						
Total Number Counted						
Item						
Total Number Counted						
Item						
Total Number Counted						
Item						
Total Number Counted						
Item						
Total Number Counted						

Report prepared by: _____
Signature, Title and Date

Items counted by: _____
Signature, Title and Date

Items counted by: _____
Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Student Store Monthly Inventory Calculation

Name of College: _____

Name of Club: _____

Student Store Monthly Inventory Calculation

Fiscal Year: _____

Inventory for the month of: _____

Date this report prepared: _____

Item: (e.g. pencil, paper, etc.)					
Inventory Count from Last Month	A				
Items Added During the Month					
	B				
	C				
	D				
	E				
	F				
Total (A+B+C+D+E+F)	G				
Less Total of Items Sold (From Daily Sales Forms)	H				
Difference (G minus H)	I				
Inventory Count (From Student Store Inventory)	J				
Difference (I minus J)	K				

Report prepared by: _____

Signature, Title and Date

Items counted by: _____

Signature, Title and Date

Items counted by: _____
Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Student Store Sales and Inventory Reconciliation Worksheet

Name of College: _____

Name of Club: _____

Student Store Sales and Inventory Reconciliation Worksheet

Fiscal Year: _____

Date this report prepared: _____

Beginning inventory at sales value: _____

Plus: Purchases made during period at sales value:

(For example, if you purchased 20 drinks at varying prices from Costco and sell them all for \$1 each, Your addition to inventory would be \$20).

Purchase values (maintain records for review, including purchase invoice and item pricing): _____

Less: Deposits made during the period from sales: _____

Plus: Sales taxes included in deposits from sales: _____

Less: Documented surplus, destroyed, stolen, etc. inventory at sales value (maintain detailed records): _____

Equals: Inventory sales value to account for at end of period: _____

Physical count of inventory on hand at sales value: _____

Difference: _____

Explanation regarding difference: _____

Report prepared by: _____

Signature, Title and Date

Items counted by: _____

Signature, Title and Date

Items counted by: _____

Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

Chapter 12 – Gifts and Donations

Gifts and donations from students, community members and business entities are vital contributions to California community colleges. These gifts are made in a variety of ways and for a variety of purposes. ASBs are frequently the recipients of gifts and donations; these should be deposited into the campus's donation account that the college maintains in the general fund, not accounted for through ASB. The exceptions to this are gifts and donations specifically designed for the ASB, which should be deposited and accounted for by the ASB and are subject to the student-directed decision-making process.

Donations can in no way be mandated or made a prerequisite to participating in a club, activity, program or event.

Typically, gifts and donations are made to the college or student body for one or more of three uses:

- For use at a specific campus.
- For use in a specific program.
- For student activities.

Gifts and donations may be in the form of cash, scholarships, equipment, or supplies. When a donation is made at the college, it is important for the administrator responsible for student services to determine whether the donation is meant exclusively for use at that college, whether the donor intends the donation to be given to the entire ASB organization or a specific club, or whether the donation is for the entire college. The donor may not understand the importance of identifying specifically for whom the donation is intended, so it is important for the college employee who accepts the donation to be able to explain the difference and ensure that the funds are accounted for correctly. Only funds raised by or donated to the ASB should be deposited into the ASB account to be used for ASB purposes.

There is a significant and practical difference between a donation to the college and a donation to the ASB organization. In the former case, funds are allocated to a college or program, there is more latitude regarding what the funds can be used for, and administrators always decide how the funds will be spent. In the latter case, funds are deposited into ASB accounts and students decide how the funds will be spent to enhance their educational experience, with the administrators' assistance and coapproval.

Donations to a College or College Program

If the donation is made to the college or to a specific program, the administrator responsible for student services will remit the donation to the college business office in accordance with the college's procedures. If the donation is a check or cash, the college business office will deposit the funds into the county treasury and record the revenue as a donation for that specific college campus or program. The college or program budget will then be adjusted to allow the administrator responsible for student services to use the funds. A separate account is usually set up to identify donated funds and to show how they have been spent and their available balance. Funds that remain unexpended at year end are carried over to the new budget year. The administrator responsible for student services or other designee will determine how to use

the donated funds, within college guidelines and in keeping with any donor restrictions about the expenditure and use of the funds.

Board Policy and Administrative Regulations

The college's board policy and administrative regulations regarding gifts and donations govern what donations are permitted and how they are made and accepted. These policies and regulations need to be understood so employees can follow the correct procedure for notifying the governing board and other college employees and departments when they are received and ensure that the college business office records them correctly. In some colleges, all donations are brought to the governing board for acceptance; in others, only donations greater than a certain dollar amount are brought to the board. In either case, the correct policy and procedure should be followed. Board policy and administrative regulations should also govern refunds of donations. No matter which organization, college, or ASB a gift or donation is intended for, it should be recorded on the college's gift register and accepted by the governing board or their designee, and a written acknowledgment should be sent to the donor.

Donations to an ASB Organization

If a cash or check donation is intended for the ASB organization, the administrator responsible for student services will deposit the check into the ASB account. The donor should note on the check or in a separate letter that the donation is for the ASB organization and, if applicable, which club. In the absence of this information, the college business office will usually assume that the donation is intended for the college, and the money will be deposited in the college's account for the benefit of the particular campus, not the ASB.

If the donation is for the ASB, it must be used in accordance with ASB guidelines and the donor's requests. The donation should also be accepted/approved by the student body, and a thank you letter should be written to the donor, unless college board policy states otherwise. It is important to review board policy to ensure compliance, because it may include information on the correct procedure to follow.

Donations to Students or Families in Need

Neither college nor ASB funds are intended to provide financial assistance to individuals or families in need. The ASB should not accept donations of funds to assist those in need. Instead, assistance should be provided through a qualified nonprofit organization such as a foundation, school-connected organization, or other charitable entity.

ASB Fundraising as a Donation Drive

Donation drives are typically used when the ASB or a club requests donations to sponsor an ASB activity. Rather than selling items or providing a service, donations are solicited directly. When a fundraiser approval form and revenue potential form have received proper approval, donation drives become allowable.

Students soliciting donations in person should be chaperoned by an administrator. Even when students are adults, the administrators of the college have responsibility for oversight of ASB activities. Board policy, administrative regulations, college business office procedures, or ASB bylaws should define the college's procedures for students soliciting funds. A best practice is to ensure that all donation solicitations are overseen by an administrator and that soliciting

is performed by at least two adult individuals. The college should develop board policies or administrative regulations for in-person solicitation when a college student is less than 18 years old. As an alternative to in-person solicitation, students may request donations by giving prospective donors instructions about how to donate via mail or through the college website.

ASB-led donation drives for charity and the use of the ASB account for collecting donations are discussed in [Chapter 13](#) in the section on [Clearing Accounts](#).

Donations are Nonrefundable

Generally, refunds of a donation are not allowable. Donations to an ASB or campus are similar to donating to a nonprofit charitable organization and are typically nonrefundable. Donations to an ASB and to a college receive the same favorable tax treatment as those to other nonprofit, tax-exempt organizations. Donations should be accepted based on college guidelines, and an acknowledgment letter should be sent to the donor. If a refund is being considered, there should be board policy or administrative regulations that specify the circumstances under which it is allowed.

Restricted Donations

If a donor places specific conditions on a donation, it is typically known as a restricted donation. If the ASB is considering accepting a restricted donation, the college business office should be consulted.

Donated Gift Cards

When an ASB receives a gift card as a donation, the card should be recorded in the ASB's financial records and treated the same as cash. Receipt of donated gift cards should follow college board policy and administrative regulations as with any other donation to the college. The receipt of a gift card should be recorded in the ASB's general ledger as an asset, with a corresponding credit to local revenue or another revenue account, such as gift card revenue. Only gift cards donated to or purchased by the ASB should be recorded in the general ASB ledger.

After the donation has been recorded in the ASB's general ledger, use of the gift card should follow the applicable college and/or ASB expenditure rules. This includes students determining how the gift card will be used or spent, recording student approval in ASB or club meeting minutes, and obtaining the required approvals using a purchase order before an expenditure is made with the gift card. Gift cards should be stored in the ASB safe. When gift cards are used, at a minimum, a gift card inventory log should be maintained that includes the date of use, the name of the recipient of the card, what the card was used for, and the amount of each card. Gift cards are discussed in the [Purchasing Gift Cards](#) and [Gift Cards as Awards](#) sections of this manual .

Donations of Material or Equipment to the ASB

If a donation consists of material or equipment, the administrator responsible for student services, ASB advisor, and bookkeeper must understand and follow the college's requirements regarding this type of donation. All colleges should require that all ASB donations be formally accepted by the student body and recorded in the meeting minutes. Many colleges also require that material or equipment donated to the ASB be approved by the college governing

board or an authorized designee, or that all gifts or donations of equipment or other property be transferred to the college rather than remaining property of the ASB. The college would typically then accept responsibility for maintenance (though not necessarily for replacement) in accordance with college guidelines. The instructions need to be clear so there is no misunderstanding about whether the ASB or the college is responsible for maintenance and replacement.

Before accepting any donation of this type, it must be determined that the college program has a legitimate use for the item and that college policy allows acceptance. For example, many people have donated nonworking computers and printers to colleges and ASB organizations. The college should have a policy or procedure to ensure that items are inspected and found to be usable before they are accepted. Installation and maintenance costs must also be considered before an item is accepted.

Donations of Scholarships to an ASB Organization

If they are large enough, donations intended as scholarships may require a separate bank account from the ASB account to simplify tracking the interest the funds earn. In these instances, the college will need to work with its business office to open a separate bank account for that purpose.

Whenever possible, student organizations should attempt to persuade potential scholarship donors to donate without special award criteria or restrictions. This will allow the student organization to include the donation in its existing general scholarship fund without a separate bank account or selection and award process. The [Memorial Fund/Scholarship Fund Information Sheet](#) at the end of this chapter can help ensure that the donor's intentions are clear. Additional information on scholarships is included in [Chapter 8](#).

Donations Between Clubs

Transferring funds, equipment, or supplies between clubs is similar to loaning funds between clubs. This may be allowable depending on the college's board policies, administrative regulations, or the general ASB or club bylaws.

If allowable, this should occur only if the students initiate the request, without pressure from college administrators, staff or other clubs. Funds (and equipment and supplies) raised by the students belong to the students of the club(s) that raised the funds.

To properly transfer funds, equipment, or supplies between two clubs, both clubs should meet and document in their respective minutes the students' intent to make the transfer. The donating club should vote to approve the donation, and the accepting club should vote to receive the donation. The minutes of both clubs should state the purpose of the donation.

The ASB or club bylaws and relevant college board policy or administrative regulations should govern what happens when a club transfers funds or other assets to another club. In some instances, the ASB may need to vote to formally approve such a transfer. If there are no college policies, administrative regulations or provisions in the club or ASB bylaws, the first step should be to create college board policy or update the ASB bylaws to document this process, typically with the help of the administrator responsible for student services and/or college business office.

A detailed accounting of the transfer should be reconciled to ensure the correct amount is transferred to the receiving club. Because the donation is an expense for the donating club, the transfer should be preapproved using a purchase order and authorized by all of the required signers in accordance with Education Code (EC) 76063(e).

Depending on the ASB accounting system and/or local documented procedures, the transfer may be accomplished using an approved journal entry.

Donations to ASBs from School-Connected Organizations

School-connected organizations (e.g., booster clubs, foundations, auxiliary organizations and other external organizations) are independent of both the college and the ASB. School-connected organizations may decide to donate money to an ASB, but once they do, all ASB rules and requirements apply, and the donor organization no longer has any control or authority over the donated funds.

Nonstudent school-connected organizations should be organized as distinct 501(c)(3) nonprofit organizations, each with its own tax identification number. Their operations remain separate and distinct from those of the college and student organizations, and they may not use the college's tax identification number for any of their operations. See Chapter 20 for information about school-connected organizations.

Good Business Practices for ASB Donation Management

The donation forms at the end of this chapter can be used to ensure that donations are recorded correctly. These forms allow a donor's intent to be stated clearly to prevent ambiguity.

Updating gift and donation procedures should be a standing agenda item for the annual college-sponsored ASB meeting with the college business office. A review of the past year's activities can serve as a starting point, with the intent to improve practices for the coming year. The college should have a donation policy or administrative regulation detailing how donations should be received, approved, and deposited. Some colleges require all donations to be board-approved, while others require board approval for donations over a certain amount. Regardless of the amount, all donations should be recognized with an acknowledgement letter to the donor.

When the ASB organization spends a donation, it is subject to the same policies and procedures as all other ASB expenditures.

Tax-Exempt Status and Disclosure Requirements

When outside business or individuals are considering donating, ASBs are frequently asked for their tax identification number. Neither the ASB nor the college is considered a private nonprofit 501(c)(3) organization; rather, they have nonprofit, tax-exempt status because they are a governmental entity as described in Title 26, Internal Revenue Code, United States Code, Chapter 1, Section 170: "Charitable, etc., contributions and gifts" (21 USC 170). The term charitable contribution is defined in 21 USC 170(c), which explains that charitable contribution or gift means a contribution or gift to any political subdivision of the United States (e.g., a college or ASB) if it is made for exclusively public purposes.

IRS Publication 1771 provides the substantiation and disclosure requirements for charitable contributions. These include recordkeeping rules and contemporaneous written acknowledgment requirements. Pages 1 through 3 of Publication 1771 state, in part, the following:

Charitable Contributions – Substantiation and Disclosure Requirements, Publication 1771, provides a general explanation of the federal income tax law for organizations, such as charities and churches, that receive federal income tax-deductible charitable contributions and for donors who make contributions.

The IRS imposes recordkeeping and substantiation rules on donors making charitable contributions and disclosure rules on charitable organizations that receive certain quid pro quo contributions from donors.

- Donors must have a **record of the contribution or a timely written communication** for any **monetary contribution** before donors can claim a charitable deduction on their federal income tax returns.
- Donors are responsible for obtaining a **contemporaneous written acknowledgment** from a charitable organization for any single **monetary contribution** or **noncash contribution** valued at \$250 or more before donors can claim a charitable deduction on their federal income tax returns.

.....

Recordkeeping Rules

Monetary Contribution Requirement

A donor cannot claim a federal income tax deduction for any **monetary contribution** unless the donor maintains a **record of the contribution** or a **timely written communication** from the charitable organization showing the name of the organization, the **date of the contribution**, and the amount of the contribution.

.....

A **written communication** includes a receipt, a letter, and an email.

A **timely written communication** from the charitable organization is one that the donor receives from the organization on or before the earlier of the date the donor files the donor's original federal income tax return for the taxable year in which the contribution was made or the due date, including extensions, for filing the donor's original return for that year.

The **date of the contribution** is the date the donor gave the charitable organization the contribution.

.....

Contemporaneous Written Acknowledgment

Requirement

A donor cannot claim a federal income tax deduction for any single contribution valued at \$250 or more unless the donor obtains a **contemporaneous written acknowledgment** of the contribution from the recipient charitable organization. An organization that does not acknowledge a contribution incurs no penalty; but, without a **contemporaneous written acknowledgment**, the donor cannot claim the federal income tax deduction. Although it's a donor's responsibility to obtain a **contemporaneous written acknowledgment**, a charitable organization must assist a donor by providing a **contemporaneous written statement** containing:

1. The name of the organization.
2. The amount of any **monetary contribution**.
3. A description (but not the fair market value) of any contribution of property.
4. A statement that no **goods or services** were provided by the organization in return for the contribution, if that was the case.
5. If the organization did provide **goods or services** in return for the contribution, a description and good faith estimate of the fair market value of the **goods or services**.
6. If the organization only provided intangible religious benefits (described later in this publication) in return for the contribution, a statement so providing.

It isn't necessary to include either the donor's Social Security number or tax identification number on the **contemporaneous written acknowledgment**.

A separate **contemporaneous written acknowledgment** may be provided for each single contribution valued at \$250 or more, or one **contemporaneous written acknowledgment**, such as an annual summary, may be used to substantiate several single contributions valued at \$250 or more. There are no IRS forms for the **contemporaneous written acknowledgment**. However, samples of such acknowledgments are provided below.

Letters, postcards, or computer-generated forms with the above information are acceptable. A charitable organization can provide either a paper copy of the **contemporaneous written acknowledgment** to the donor, or an organization can provide the acknowledgment electronically, such as via an email addressed to the donor. A donor shouldn't attach the acknowledgment to his or her individual federal income tax return, but must retain it to substantiate the contribution. Separate contributions of less than \$250 will not be aggregated. An example of this could be weekly offerings to a donor's church of less than \$250 even though the donor's annual total contributions are \$250 or more.

Whether or not to use a written acknowledgment form documenting the contribution or gift acceptance is a local decision and subject to the college's governing board policies, administrative regulations, or other requirements or practices. The college business office may develop policies or administrative regulations that the governing board approves regarding approval and acceptance of donations. The policy may include a dollar amount above which governing board approval is required, or whether the board may allow less frequent reporting or respond

only to larger donations. Regardless of the policy details, any acknowledgment should contain at least the information described above. See [Chapter 20](#) for additional information about school-connected organizations and status as nonprofit organizations.

College Tax Identification Number

The college's tax identification number should always be treated confidentially; it should not be given out when asked, because donors do not need it to claim a tax deduction. All requests for the college's tax identification number should be forwarded to the college business office unless each college campus has been given a letter to send out when asked for the number. Many colleges have developed a letter for requestors that will meet their need to document a tax-deductible donation. A [sample letter](#) is included at the end of this chapter.

A tax-exempt organization like the college may need an affirmation letter from the IRS to confirm its tax-exempt status or to show a change in its name or address. Tax-exempt organizations that need such a letter can contact the IRS via its website at irs.gov or by phone, letter, or fax. A request for affirmation letter must include the following information:

- Full name of the organization.
- The organization's employer identification number (or college's tax identification number).
- Authorized signature (of an officer or trustee).

The individual who signs the letter from the tax-exempt entity to the IRS must state the capacity in which they are signing (for example, "John Smith, president of the board of trustees").

The IRS affirmation letter will describe government entities' exemption from federal income tax and cite applicable Internal Revenue Code sections pertaining to deductibility of contributions and income tax exclusion. Most organizations and individuals will accept the government affirmation letter as proof of an organization's tax-exempt status.

Donation to ASB

Name of College: _____

Name of Club: _____

Donation to ASB

Fiscal Year: _____

Name of Donor: _____

Street Address: _____

City, State & ZIP: _____

Telephone: _____

Description of the donation: (If cash or check, show the exact amount; if other than cash or check, include a detailed description of each item, including serial number, color, etc.)

Donor's estimate of value: _____

Purpose of the donation (ASB organization, college site, or college program):

If the donation is for a club or organization that is part of a college's ASB, indicate the name of the club or organization and deposit the cash or check into the ASB bank account. Retain this form as a record of the donation.

If the donation is for the college, either for the use of the school or for another college program, forward the cash, check, or other item to the college business office with this form. Explain below whether the donation is for the college campus or a specific college program.

Report prepared by: _____

Signature, Title and Date

Verified by ASB bookkeeper: _____

Signature, Title and Date

Donor: _____

Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____

Signature, Title and Date

Club Advisor: _____

Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Recorded in ASB AS/Student Council Minutes on: _____
Date

Memorial Fund/Scholarship Fund Information Sheet

Name of College: _____

Name of Club: _____

Memorial Fund/Scholarship Fund Information Sheet

Fiscal Year: _____

Memorial/Scholarship Name: _____

Year Memorial/Scholarship Established: _____

Initial Amount: _____

Name of Donor: _____

Contact Name: _____ Relationship: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone: _____

Fax: _____

Email: _____

This Gift is in Memory Of: _____

Intended Purpose: _____

Selection Criteria: (attach application and essay instructions if applicable)

Annual Award: _____

Special Instructions: _____

Report prepared by: _____

Signature, Title and Date

Verified by ASB bookkeeper: _____

Signature, Title and Date

College Administrator or Designee: _____

Signature, Title and Date

Presented to ASB on: _____

Date

IRS regulations prohibit donors from selecting scholarship recipients.

Donors may not request that their donations be returned to them once deposited by the college.

Donor: _____

Signature, Title and Date

Letter Regarding Tax-Exempt Status

(Use college letterhead)

Date

To whom it may concern:

Thank you for interest in supporting our college. We often receive inquiries about our nonprofit status. Please accept this letter as certification that the Sample community college qualifies as a not-for-profit organization. We are a state educational institution, which is considered a political subdivision of the State of California. Because of this, we are considered a nonprofit state entity rather than a private 501(c)(3) nonprofit organization. Donations and private grants made to our schools are tax-deductible under these statutes.

If you have further questions, please feel free to contact me at (000) 000-0000.

Sincerely,

Name

Chief Business Officer

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Chapter 13 – Cash Receipt Management and Procedures

Sound cash management procedures are essential for successful ASB operations. The most common ASB-related finding in colleges' annual audits involves inadequate internal control procedures when handling cash from the time it is collected until it is deposited into the ASB bank account. Most fraud in ASB activities is directly related to inadequate or ineffective cash or check handling procedures.

Chapter 5 discusses the importance of sound internal control procedures. When handling cash, such procedures both discourage theft of ASB funds and protect those who handle the funds. Whenever students hold a fundraising event or collect cash, the students, with their advisor, should establish and implement internal controls.

The ASB bookkeeper should also establish and implement sound internal controls for the distribution of cash boxes and other cash-related functions (e.g., tickets, receipt books) both before a fundraiser as well as after the cash and checks are received to be deposited at the bank. The internal controls discussed and recommended in Chapter 5 are essential to protect the ASB's assets (e.g., cash) and to protect students and employees who handle cash from accusations of fraud. They also make it easier for all involved to determine whether any discrepancies are the result of simple error or possibly something more serious.

In today's electronic financial environment, every effort should be made to offer noncash payment options, including credit cards, debit cards and internet-based purchasing alternatives for students and parents. Eliminating or limiting cash transactions improves internal controls and efficiency.

Good Business Practices for Cash Procedures

The cash control procedures described in this chapter are easy to implement and follow, and in most instances the cost is minimal. Each administrator responsible for student services should ensure that the ASB advisor and students understand that their fundraiser may not be approved unless cash control procedures have been established for the event.

The ASB advisor is responsible for ensuring that the procedures are followed from the time the fundraising event begins until it is complete. If an advisor is not willing to accept this responsibility, the administrator responsible for student services should not approve the fundraiser and may need to reassess that advisor's role.

Audit Findings and Preventive Action

In response to audit findings related to cash control procedures, administrators responsible for student services often indicate that they did not have time to implement the right procedures or that implementing the controls would cost too much. This is not true. As noted earlier, implementing good internal controls for cash handling frequently involves little or no cost and little additional time if understandable procedures are available and the individuals involved are trained in their use.

Internal controls not only protect against fraud but also help prevent honest errors and act as a defense for the innocent when fraud or errors do occur. Each year there are numerous reports of fraud in the handling of ASB funds. Cash receipt control procedures provide evidence that cash was handled properly. Without good practices, there is no information to determine whether fraud occurred.

Well-planned internal controls that students and employees follow consistently will leave a clear record of who did what, when, and why. When the administrator responsible for student services insists that students and advisors follow good internal control procedures, they are protecting the students, the staff and themselves against false accusations if something does go wrong. For this reason, if anyone does not want to follow sound internal control procedures, they should not be involved in the fundraiser.

Proper cash control procedures are needed at two stages of cash collection: when the fundraising event is held and the cash and checks are collected, and when the cash and checks are given to the ASB bookkeeper for deposit into the ASB bank account. This chapter explains the cash control procedures at both stages.

Cash Control Procedures for Fundraising Events

It is important to be able to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are properly turned in and accounted for. To accomplish this, student organizations, clubs, ASB advisors, and college administrators must ensure that proper internal controls are used when collecting cash, including the following:

- Proper inventory of concession, student store and vending machine items.
- No commingling of receipts from separate events.
- Use of three-part receipts when submitting all event proceeds, or issuing multiple printed copies of the receipt from the accounting system.
- Immediate delivery of all event proceeds to the ASB bookkeeper or other designee.
- Proper cash handling and physical chain of custody for all cash receipts, including:
 - Two or more individuals collecting, counting, transporting, and depositing cash. Students may help with this; however, an administrator must always be present to supervise students. This is true even though college students may be adults, because the college has responsibility for oversight of student trust funds. Cash should never be handled without two people present.
 - Use of a cash collection form, signed by all individuals who help count the cash.
 - Use of tamper-evident bank bags to store and transport cash awaiting deposit.
 - Transport of cash by two or more individuals to the ASB bookkeeper for safekeeping in the campus safe, and to the bank. The best practice is to have a carrier service transport funds from the campus to the bank when possible.

This section describes simple cash control procedures that can be used for any fundraising event. The sales at the college store are also considered fundraising. Each control procedure has strengths and weaknesses; thus, different control procedures are suited to different types

of fundraisers. Nonetheless, some method must be implemented that allows for reconciliation between money collected and the fundraiser sales records.

Simple cash control procedures for any fundraising event include:

- Prenumbered tickets for all events.
- Ticket control forms.
- A point-of-sale system or cash register for store sales.
- Prenumbered receipt books for all receipt transactions.
- A tally sheet for designated activities.
- Inventory control for vending machines, student stores, and concessions.
- Cash boxes to make change and keep the received money safe.
- Cash count forms.
- Tamper-evident bank bags to secure funds after counting and for transport to the campus safe or bank.

The following table shows nine different cash control procedures and examples of different events where each procedure may be most effective. However, different control procedures can work for almost any event if the procedures are well thought out and followed closely.

Control Procedure	Types of Events
Prenumbered Tickets Ticket Control Form	Dances Entertainment events Car washes Athletic events Festivals Any event
Cash Register	Student store Concession stands
Prenumbered Receipt Books	Publication sales Sale of advertising space
Tally Sheets	Dances Car washes Bake sales
Inventory Control	Vending machines Candy sales
Cash Box Cash Count Form Tamper-Evident Bank Bag	Any Event

After a fundraising event is scheduled, the advisor is responsible for ensuring that control procedures are in place. The advisor should help students select and develop control procedures and other good business practices for cash receipts, and help implement the correct internal controls once the event begins. No student should handle cash without direct faculty or administrator supervision.

The administrator responsible for student services is responsible for reviewing and approving the fundraising activity request and should ensure that the club advisor has developed proper controls as part of their fundraiser planning and will be able to implement those controls.

The following are detailed steps for how different procedures should be used.

Prenumbered Tickets

1. The ASB bookkeeper (or other employee responsible for bookkeeping) at the college is typically responsible for purchasing prenumbered tickets and storing them in a safe place. Usually only the bookkeeper, the administrator responsible for student services (or designee), or ASB advisor should have access to the ticket rolls.
2. The ASB bookkeeper must maintain a record of the number of rolls of tickets in inventory and the beginning and ending ticket numbers on each roll. The Ticket Inventory form later in this chapter was designed for the bookkeeper to use for this purpose. The beginning number is recorded on the form when the roll is issued to an advisor for a fundraising event, and the ending number is recorded when the roll is returned to the bookkeeper.
3. At the fundraising event, this cash control procedure involves two or more people. Ideally, one person collects the money and issues the prenumbered ticket as proof of purchase, while a second person acts as a witness of the funds collected. A third person collects the prenumbered ticket when the person enters the event.
4. At the end of the fundraising event, the total number of tickets issued is counted and recorded on the Report of Ticket Sales form. A second person should count the tickets that were collected to verify the accuracy of the count.
5. At the end of the fundraising event, at least two people should independently count the cash and checks collected. They should use the ASB Cash Count form to help with this.
6. The students then enter the amount of the total cash counted on the Report of Ticket Sales form.
7. If the number of tickets sold does not equal the amount of cash collected, the students and the advisor should determine the reason for the cash overage or shortage immediately after the event.
8. At the end of the event, usually the advisor, but sometimes another responsible administrator or designee, should ensure that the cash and checks, Report of Ticket Sales form, and ASB Cash Count form are placed in a tamper-evident bank bag and that the bag is sealed, transported with a witness, and stored in the campus safe. The remaining unsold tickets should also be placed in the safe. It is the best practice to ensure that all original signed documents used to verify counts (e.g., Report of Ticket Sales form and ASB Cash Count form) are enclosed in the tamper-evident bank bag. Each college should establish after-hours cash security procedures so that cash and checks can be stored

in a tamper-evident bank bag in the campus safe until the amounts can be counted and verified with the ASB bookkeeper and a witness. When funds cannot be taken directly to the campus safe, some colleges have arrangements with campus police to have them help escort and store funds in the campus police safe after certain events.

9. The next school day, if the advisor has not provided the original forms described in step 8 above, they should provide the ASB bookkeeper with the Report of Ticket Sales form, the ASB Cash Count form, and the remaining tickets. The cash and checks should already be in the campus safe. When the cash and checks are retrieved from the safe, the bookkeeper should issue a receipt for the cash and checks, but only after the advisor and the bookkeeper have counted the dollar amount together and recorded that amount on the receipt. If the advisor is not able to count the funds with the bookkeeper, another individual must do so; the bookkeeper should never count funds alone. Supervised students may help count money at fundraisers, the student store, and other locations, and help the ASB bookkeeper as a second witness.
10. For events that have tickets of different prices, the students should use different colored tickets for each price. The students must account for each roll of tickets separately, but they may use the same cash count and ticket sales forms.
11. Event tickets should be kept at least until after the annual audit of the ASB is complete, but not for more than two years. Some auditors will audit tickets and cash receipts before the end of the fiscal year, but other auditors will not audit these until October of the following fiscal year. FCMAT recommends discussing records retention requirements with the college auditor.
12. Community college ASB funds raised by students are under their control, and they should be involved with collecting and counting the funds. Funds collected in a student store have the same internal control requirements. Anyone who helps count funds should also sign the cash count form or any other form used to demonstrate that funds were counted with a witness or witnesses.

Cash Registers

Following are cash handling steps for cash registers:

1. Each time a sale is made, the person working at the cash register rings up the sale.
2. At the end of the day, the cash register tape total should equal the total of the cash collected.
3. At the end of the day, the total cash in the cash register should be counted and recorded on the ASB Cash Count form.
4. Students working in the student store who operate cash registers or cash boxes may be involved in counting the cash. Depending on college policy, two students may close their work shifts by helping count each other's cash drawer, and both should sign and date each cash count form. Next, the funds are recounted with the advisor, who verifies the amounts, cosigns, and dates the cash count form.
Or each student may close their shift by counting the collected funds together with the advisor. There is no limit on how many individuals may count funds and sign the

cash count form as a witness; however, there must always be at least one responsible administrator supervising students during all cash collections and counting of funds.

5. The advisor should immediately investigate any significant differences between the cash register tape and the amount reported on the ASB Cash Count form.
6. At the end of the day, the advisor should ensure that the cash, the ASB Cash Count form, and the cash register tape are placed in a tamper-evident bank bag, sealed, and transported with a witness to the campus safe. Each college should establish after-hours cash security procedures so cash and checks can be stored in a tamper-evident, sealed bank bag in the campus safe until the amounts can be counted and verified with the college bookkeeper and a witness. Supervised students may help the bookkeeper as a second witness. No one should count money alone.
7. The next school day, if the ASB Cash Count form and cash register tape were not included in the tamper-evident bank bag with the cash and checks placed in the safe, the advisor should provide the ASB bookkeeper with the ASB Cash Count form and the cash register tape. When the cash and checks are retrieved from the safe, the bookkeeper should issue a receipt for the cash and checks, but only after two individuals (ideally the advisor and the bookkeeper) have counted the dollar amount together and recorded that amount on the receipt. If the advisor is not able to count the funds with the bookkeeper, another individual (this can be a student) must do so; the bookkeeper should never count funds alone.
8. After the funds are counted and the bank deposit form is completed, cash and checks should be sealed in a tamper-evident bank bag and placed in the safe with a witness present. Then the safe door should be closed and locked until the funds are transported to the bank or courier service.
9. Ideally, funds will be transported to the bank by carrier service. However, if this is not possible and they are transported by campus personnel such as the ASB bookkeeper, two individuals (e.g., administrators, adults, or designees) should always transport the funds to the bank together. Any administrator, adult, or designee as the second witness is acceptable. If not transporting funds together, one administrator, adult, or designee may follow in their own vehicle as long as both individuals can be in visual contact during transport.

Prenumbered Receipt Books

The following are steps for prenumbered receipt books:

1. The ASB bookkeeper is typically responsible for purchasing prenumbered receipt books and maintaining an inventory of all receipt books. The receipt books should contain triplicate copies of each receipt.
2. The ASB bookkeeper should maintain a log of all receipt books and record the issuance of each book. The bookkeeper should record the beginning number of the receipt in the book when it is issued to the ASB advisor and the ending number when the ASB advisor returns it. The Receipt Book Log form at the end of this chapter can facilitate this recordkeeping.
3. Receipts used for a fundraising event should be in triplicate, with copies issued as follows:

- One copy is given to the person making the purchase.
 - One copy is turned in with the cash.
 - One copy remains in the book as the historical record.
4. Receipts must always be issued in sequence.
 5. The students need to note the following items on each receipt:
 - The date.
 - The description and number of items sold.
 - The total cash collected.
 - The name of the person who received the goods.
 - The name of the person who prepared the receipt.
 6. If a mistake is made on a receipt, the student should mark the receipt void and issue another. For voided receipts, two copies remain in the receipt book, and one copy is turned in with the cash to provide for the continuity of receipts.
 7. At the end of the fundraising event, the amount of cash reported on the receipts is totaled and the receipts are sorted in numerical order. The students must account for all of the receipts that were used from the receipt book. At the end of the fundraising event, at least two people should count the cash and checks collected. The ASB Cash Count form at the end of this chapter should be used for this purpose.
 8. If the amount of cash recorded as collected on the cash receipts does not match the cash reported on the ASB Cash Count form, the students and the advisor should determine the reason for the cash overage or shortage immediately after the event.
 9. At the end of the day, the advisor should ensure that the cash and checks, the ASB Cash Count form, and all receipts (even if voided) are stored in a safe place. Each college should establish after-hours cash security procedures so collected cash and checks can be stored in a tamper-evident bank bag in the campus safe until the amount can be counted and verified by the college bookkeeper and a second witness.
 10. The next school day, when the cash and checks are retrieved from the safe, the bookkeeper should issue a receipt for the cash and checks, but only after two people, typically the advisor and bookkeeper, have counted the cash together and recorded that amount on the receipt. If the completed ASB Cash Count form was not included in the tamper-evident bank bag, the ASB Cash Count form and all the receipt books must also be returned to the bookkeeper. If the advisor is not able to count the funds with the bookkeeper, another individual must do so; the bookkeeper should never count funds alone. Although nobody should count money alone, supervised students may help count money at fundraisers, the student store, and other locations, and may help the ASB bookkeeper as a second witness.

Tally Sheets

Following are steps for tally sheets:

1. When tally sheets are used as the cash receipt control procedure, two people should be involved: one person makes a mark on the tally sheet when an item is sold and issues the goods; the other person takes the cash.
2. The students may use a tally sheet to mark the number of items sold.
3. At the end of the event, the number of items sold is multiplied by the item's price.
4. At the end of the event, at least two people should independently count the cash and checks collected. The students should use the ASB Cash Count form to help with cash counting.
5. The amount computed on the tally sheet is compared to the amount of cash reported on the ASB Cash Count form. If the amount on the tally sheet does not match the amount of cash collected, the ASB advisor and the students should determine the reason for the difference immediately after the fundraising event.
6. At the end of the day, the advisor should ensure that the cash, the original ASB Cash Count form, and the tally sheet are placed in a tamper-evident bank bag, that the bag is sealed, and that it is transported with a witness to be stored in the campus safe. The best practice is for all of the original signed documents used to verify counts (e.g., Tally Sheet form and ASB Cash Count form) to be enclosed in the tamper-evident bank bag. The advisor should retain a second copy of these forms for the club's records. Each college should establish after-hours cash security procedures so cash and checks can be stored in a tamper-evident bank bag in the campus safe until they can be counted and verified with the ASB bookkeeper and a witness.
7. The next school day, if the ASB Cash Count form and Tally Sheet form were not included in the tamper-evident bank bag with the cash and checks placed in the safe, the advisor should provide the ASB bookkeeper with the ASB Cash Count form and the tally sheet. The cash and checks should already be in the campus safe. When the cash and checks are retrieved from the safe, the bookkeeper should issue a receipt for the cash and checks, but only after two individuals (ideally the advisor and the bookkeeper) have counted the cash and checks together and recorded that amount on the receipt. If the advisor is not able to count the funds with the bookkeeper, another individual should do so; the bookkeeper should never count funds alone. Students may help count money at fundraisers, the student store, and other locations, and may help the ASB bookkeeper as a second witness. No one should count cash alone.

Cash Box

Cash boxes should be checked out from the ASB bookkeeper when needed. Usually an amount of startup or advance cash is provided in the box so change can be made at events. The startup or advance cash should be counted with a witness, and the amount should be identified as startup or advance cash on the Cash Count form or on a separate startup or advance cash form, and the form should be signed and dated. Cash boxes should always be kept in the safe between uses. If the safe is not large enough to hold cash boxes, the startup cash needed for each cash box should remain in the safe in the tamper-evident bank bag that

will accompany the cash box when it is issued. This ensures that a tamper-evident bank bag is included in each cash box. Cash box procedures are important to help ensure the success of the procedures discussed above (prenumbered tickets, cash registers, prenumbered receipt books, and tally sheets). The security of both the cash box and the staff or students entrusted with the cash box is essential.

Counting and Transporting Funds with a Witness

After an event has ended, the funds have been counted by at least two witnesses, the cash count form has been completed, and funds have been placed in a college-provided tamper-evident bank bag and sealed with a witness present, those transporting funds to the campus safe should be accompanied by security personnel or at least one witness.

If security personnel are not available, a responsible administrator or designee should be available to help escort the cash boxes to campus safes. Arrangements should always be made so that those transporting cash are never expected to do so alone. If an escort cannot be obtained, or if the funds cannot be kept in the safe overnight, the fundraiser should not take place. Having witnesses is always important, because some individuals may anticipate that the cash collected is not secure, see that there are poor controls for safeguarding the funds, and attempt to steal those funds.

Chapter 8 discusses how to use the Revenue Projection form and the Fundraising Event Profit form to estimate the amount of profit students expect to earn from a fundraising event. These forms have a place to report the results of the fundraising event as well as the estimated sales and expenses. The ASB advisor should help the students complete the Revenue Projection form and the Fundraising Event Profit form at the end of the fundraising event. This is a sound internal control to determine whether the funds were handled properly and will help students determine what types of fundraising events are most profitable and worth repeating. It also teaches students the relationship between budgeted or estimated revenue and expenses and actual revenue and expenses and profit and loss.

Credit and Debit Cards

It is increasingly common for those who support ASB fundraising to use a credit or debit card or web-based purchasing option rather than write a check, and ASBs are often asked if they can accept payment by credit or debit card for a variety of things. The answer depends on whether the college's board policy and procedure allow the use of such cards for payment (revenue). If the college allows payment by credit and debit card, then it follows that, unless policy states otherwise, the ASB may as well. The ASB should follow all college policies and administrative regulations when taking such payments.

The cash collection procedures described in this chapter are applicable to credit and debit cards. Substitute the credit and debit card receipt for cash, but otherwise follow the same procedures.

Credit Card Surcharges

Civil Code [1748.1](#) prohibits a retailer (in this case, the college or ASB) from imposing or passing on a surcharge to any consumer who chooses to pay by credit card rather than with cash, check or similar means. However, it may be legal for a bank to charge such fees to a retailer.

A retailer is permitted to increase sales prices to cover the cost of these fees, and/or to offer a lower price or discount to all purchasers if they pay with cash or a check.

The ASB should disclose clearly and prominently what it will charge for an item, including any additional fees. This will ensure the ASB does not violate California laws prohibiting deceptive or false advertising.

The best practice is to offer goods and services at the same price regardless of the type of payment (cash, credit or debit card), and to increase the sales price rather than add any fees to the final purchase. If a college is considering adding credit card surcharges to their sales transaction, they should first discuss this practice with college legal counsel to determine how best to proceed.

Cash Control Procedures for the ASB Bookkeeper

The ASB bookkeeper is typically responsible for providing any materials ASB advisors and clubs need for fundraising events, such as ticket rolls, receipt books and all necessary forms, and for keeping sufficient stock on hand. The ASB bookkeeper is also typically responsible for the cash and checks from the time they are received from the ASB advisor until they are deposited in the bank.

The administrator responsible for student services must work with each student organization and school employee to develop methods for securing cash collected after hours and on nonschool days.

The following table identifies the different internal control measures clubs use for fundraisers and the documents that should accompany the cash and checks when they are turned in to the bookkeeper and a receipt is given to those who brought the funds.

Cash Control Procedure	Documents
Prenumbered Tickets	All cash and checks collected All remaining tickets Report of ticket sales ASB Cash Count form
Cash Register	All cash and checks collected The cash register tape ASB Cash Count form
Prenumbered Receipt Books	All cash and checks collected All receipt books issued One copy of the receipt issued ASB Cash Count form
Tally Sheets	All cash and checks collected Tally sheets used ASB Cash Count form

Cash Control Procedure	Documents
Cash Box	Cash collection ASB Cash Count form Tamper-Evident Bank Bag

Internal Controls for Cash After Receipt

The following are good business practices and internal controls for the ASB bookkeeper to follow when handling cash and checks after they are received:

- At the fundraiser, the advisor and a witness should count funds together, both should sign and date the Cash Count form, and they should seal the dual-counted funds in a tamper-evident or locking bank bag for transport, also with a witness, to the campus safe and bookkeeper. The witness may be a supervised student who helps count and/or transport funds. A tamper-evident bank bag should be used so there is some certainty that the money counted and put in the bag after the event cannot be tampered with before the bookkeeper can count it. The funds should be kept in a safe until counted.
- The ASB bookkeeper should not accept any cash or checks unless they are accompanied by the appropriate documents. This is often a judgment decision at the time funds are brought to the bookkeeper, because it may be students transporting the funds. The bookkeeper will need to decide if it is more appropriate to receive money from students even though documents are missing than to refuse the deposit and send the funds back to the students' advisor.
- The ASB bookkeeper should always count the cash in the presence of a second witness, preferably the advisor or other designee. This is known as a dual cash count. Although this is always recommended, those in the field often state that there is not enough time to do it. Time should be set aside to count the receipts together, because if a dual cash count is not performed and the advisor and bookkeeper end up with different totals, one of them may be suspected of wrongdoing. Many colleges have established times when cash can be brought to the bookkeeper to be counted in the presence of the person who brings the receipts. The bookkeeper and witness should compare their count to the information turned in by the ASB advisor. This includes the following:
 - ASB Cash Count form.

Fraud Alert

If the proper documentation is not received and/or if that documentation does not contain the initials or signatures of the individuals who counted the funds, there is a risk that someone may allege that more funds were raised than the bookkeeper verifies. All funds should be counted by those conducting the fundraising.

Fraud Alert

The cash count/deposit form must be at least in duplicate. To protect those performing the fundraising and the ASB bookkeeper, the fundraising club should retain a copy of the cash count/deposit form for comparison to the amount posted to their club account. When the ASB bookkeeper has sole custody of the funds raised and the only supporting documentation, transaction amounts can be altered, receipts can be voided or destroyed, and the opportunity for theft without detection is significant. Always have multiple-copy cash count/deposit and fundraising forms, and always ensure that the club retains one copy when submitting documents to the ASB bookkeeper.

- Cash register tape.
 - Report of ticket sales.
 - Receipt book log.
 - Tally sheet.
4. The bookkeeper should immediately notify the advisor of any discrepancies noted during the money count. Both the ASB bookkeeper and a witness should sign the Cash Count form and initial the difference.
 5. The advisor and bookkeeper should determine the reason for any discrepancy and should report any significant discrepancies to the administrator responsible for student services. The loss of tickets is the same as the loss of cash. If the remaining tickets do not reconcile with the money collected to date, something has gone amiss, and a plan should be developed to ensure that it does not continue.
 6. The ASB bookkeeper is responsible for endorsing the back of the checks received. Typically, a stamp is used that states, “For deposit to the bank account of the Sample College.”
 7. After the ASB bookkeeper has verified the amount of money, the bookkeeper and the witness(es) should sign and date the ASB Cash Count form and, if applicable, verify and sign other submitted forms (e.g., Report of Ticket Sales, Tally Sheet) and give a copy to the ASB advisor. This information is evidence that the amount of cash the ASB bookkeeper received matches the amount the ASB advisor turned in.
 8. Once money is dual counted, and with the witness still present, it should be placed in a new tamper-evident bank bag with the deposit slip, sealed, and placed in a safe, where it should remain until it is retrieved by courier service or transported to the bank with a witness.
 9. To create a record of receipt of the cash, the ASB bookkeeper should prepare a written receipt indicating the amount of money shown on the ASB Cash Count form and give a copy of the receipt to the ASB advisor when the funds are received. The ASB bookkeeper should use a triplicate receipt book for this process or print a receipt from the accounting software.
 10. The ASB bookkeeper is typically responsible for storing cash, checks and the supporting documentation in a secure, fireproof safe until it is counted in the presence of a witness and deposited in the bank with a witness. Because of the amount of cash often stored on site, each college should have a secure safe for cash storage (using ASB funds to purchase a safe may be allowable if approved by the students; however, the college should purchase a safe if needed because it is responsible for proper internal controls and administration of ASB funds).

Fraud Alert

Trusting advisors too often leave funds unattended on the ASB bookkeeper’s desk. When the ASB bookkeeper returns, the funds have been taken. When the ASB bookkeeper is not available, assign another individual to receive the deposit and sign for the funds received. As a second level of theft deterrence, install surveillance cameras. Do not leave money unattended.

11. Deposits should be made to the ASB bank account at least weekly, though within two to three school days of collection is the best practice. Avoid leaving money at the college over the weekend or holidays, because many thefts occur during those times. If money must be left at the college during those times, ensure that there is a procedure for securing the funds in the campus safe.
12. When the funds have been deposited, the ASB bookkeeper should retain a copy of the deposit slip with all the documentation from the fundraising event. This is important so that the auditors can determine when the fundraising proceeds were deposited and compare the amount deposited to the amount collected.
13. The ASB advisor is typically responsible for maintaining the stock of prenumbered plastic tamper evident-bank bags, locking bank bags, ticket rolls, and receipt books, and for updating the Ticket Inventory and Receipt Book Log forms whenever tickets or receipt books are used.

Petty Cash and Change Accounts

Petty Cash

There are reasons for establishing a petty cash fund for ASB operations, such as to make immediate cash payments of a small amount. These expenditures require the same documentation and the same prior approval as other disbursements. Petty cash accounts should be established only in ASBs with the strongest of internal controls and only if authorized by college board policy. An ASB cannot open a petty cash fund without approval from the college business office.

Change Account/Start-Up Cash

A change account or start-up cash is normally checked out from the bookkeeper for individual fundraisers or activities and should be used solely for making change. Expenditures should not be made from this account under any circumstances. When the fundraiser is complete, the change account or startup cash should be deposited back into the bank account.

General cash control procedures for petty cash and change accounts or startup cash include the following:

1. **Security:** Must be secured in the primary campus safe or an approved, locked, fireproof and bolted-down ASB designated safe at the end of each school day and on weekends. As a last resort and only as a short-term option until an appropriate safe is purchased and bolted down, cash may be stored in a locked, supervised drawer or file cabinet with

Fraud Alert

Ensure that the total of the checks and cash received agrees with the total collected. Would-be thieves swap receipts for checks with those for cash, enabling them to replace cash with checks received and pocket the cash. Many cash count forms are designed to verify that the total of the numbered receipts is the same as the combined total of cash and checks; however, this will not stop fraud.

All numbered receipts should be accounted for using beginning and ending numbers from the prior deposit and for completeness with the current deposit. No receipt numbers should be missing, and cash and check receipts should be matched within the cash and check category totals. Finally, the name on the check should be matched with the name on the receipt. To commit fraud, most perpetrators of fraud need to have several event deposits available and the time and opportunity to mix and match checks and cash as needed. Good ASB bookkeepers will notice that they have not received funds for activities they know have occurred and will notify the administrator responsible for student services of any patterns observed.

controlled access when in use during college hours or during a fundraiser. A lockable cash box should be used to ensure physical security of the cash in the safe or drawer.

2. **Accountability:** Cash balances must always equal their authorized value plus any receipted deposits or minus any receipted disbursements.
3. **Control:** A responsible student or staff member must sign out the change box (cash) from the bookkeeper; this should be permitted only for approved fundraisers.
4. **Authorizations to increase cash balances:** Occasionally, it may be necessary to temporarily increase the college's on-hand change box balances above the approved limit. The request to do so should go to the college business office and should include justification for the temporary increase and a projected date when the balance will be returned to its original value.

Clearing Accounts

Generally, ASB accounts are not clearing or pass-through accounts. For purposes of this discussion, a clearing account is considered a pass-through account. The ASB bank account should not be used for any transactions other than ASB transactions. An example of an acceptable ASB clearing account is discussed below. Colleges establish clearing accounts to set certain financial transactions apart from regular accounts so that different types of transactions are not commingled. They are temporary holding accounts, so a balance will not exist at the end of any fiscal year because all cash will have been transferred to another account. These transfers should be made monthly.

For example, if non-ASB cash is collected at a college for library fines, it should not be deposited into the ASB account and then transferred to the college's general fund. Rather, it should be deposited to a college clearing account, then transferred to the general fund at a later time.

An approved ASB clearing account may be used when a fundraiser is allowed that supports a charity. In this instance, donations not specifically written to the charity may be deposited into a separately-created ASB clearing account, unless the college business office has determined that a different, non-ASB college account should be used. The receipted donations are accumulated in the clearing account and a check is written to the charity, thereby closing out the clearing account.

Fraud Alert

Fraud perpetrators will set up suspense and clearing accounts to move funds in and out of club accounts. When a perpetrator finds a club that is not monitoring and reconciling its financial activities, funds can be cleared to the club's detriment. If a club notices that their account is incorrect, the perpetrator makes a correction and proceeds to abuse another club's account. Requiring the ASB bookkeeper to obtain signatures indicating that a transfer is approved and documentation retained will make any unauthorized transactions stand out. Printing the detailed transaction report of all clearing and suspense accounts monthly (or at least semiannually) will also identify activity even when the ending balances are zero.

Fraud Alert

Be on the lookout for interclub transfers. The authorization procedures recommended for clearing and suspense accounts also apply to interclub transfers. No interclub transfer should be allowed unless there is prior authorization for it in the ASB minutes.

When an approved ASB clearing account is used and transfers are made, the journal or transaction entry used to make the transfer should be properly documented, with the signatures of the advisor or designee and the employee making the transfer included on the printed entry. At the end of each month, any balance remaining in the clearing account should be identified by printing the account balance and noting on the document the reason the balance remains, as well as a list of the supporting documents needed to conclude the use of the clearing account.

ASB Funds Should Not be Deposited Into Personal Accounts

Students and employees should never deposit ASB funds into a personal account, even if those funds will later be forwarded to the ASB for deposit into the ASB account. ASB funds should be deposited only into the ASB account. All cash and other forms of payment should be provided directly to the ASB following collection. ASB funds are public funds, no different from other money a college receives. Consequently, there are restrictions on how these funds can be managed. Among other issues, depositing public funds into a personal account is problematic because of the following:

- Donors to a college and ASB may receive advantageous tax treatment on their donation because of a college's nonprofit tax status as a governmental entity. Depositing any donated funds into a personal account and later forwarding those funds to the college or ASB could be used to enable the account owner to improperly seek the same tax advantages as the original donor, even though their account is only being used as a pass-through for the public funds.
- The deposit of ASB funds may be considered reportable income for tax purposes to the individual acting as the pass-through.
- The personal account owner may improperly receive interest income on public funds while the funds are in their account.
- The amount remitted to the ASB may not ultimately be the same as the amount of cash collected on behalf of the ASB.
- A personal check issued to the ASB may not clear the bank, resulting in a need to collect the funds from the individual. This could result in a loss to the ASB if the funds cannot be recovered.
- The individual depositing the ASB funds into their personal account may be accused of diverting public funds, which may have the appearance of fraud.

Accepting Electronic or Online Payments

Online payment services, such as Venmo and PayPal, are increasingly attractive payment options. Although there are no laws against online payments for ASB, some key factors should be considered.

A college and its ASB should have a thorough understanding of how the payment service operates. The terms of the service should be reviewed, understood, and communicated to potential users if the college and ASB choose to use the service. This includes any charges for use, as well as the net proceeds per payment to be received by the college or ASB.

Effective internal controls are essential for managing such a system. The college and ASB should determine how payments will be tracked and documented for reconciliation and auditing purposes. This should include obtaining periodic statements from the service so all transactions can be reconciled. With governing board approval, the college and ASB should also establish an ASB account that is used exclusively to receive payments from online services.

Security issues unique to electronic transactions should also be identified and addressed. The security features the online service offers to prevent fraudulent activity should be reviewed thoroughly. The vendor's terms should state the responsibilities of both the payer and the recipient when using the service and should hold the college and the ASB harmless from any loss, erroneous charges, or vendor errors. It is important to consult with the college's technology and business departments to ensure these issues are addressed appropriately.

Board policies and administrative regulations regarding electronic and online payments should be reviewed. Procedures and responsibilities such as reconciliation protocols, a discrepancy resolution process, and other functions may need to be added and/or updated. The college business office and the ASB should collaborate closely to establish procedures and responsibilities.

Tally Sheet

Name of College: _____

Name of Club: _____

Tally Sheet

Fiscal Year: _____

Fundraiser: _____

Date of Fundraiser: _____

(A) Item Sold	(B) Tally Marks	(C) Total Tally Marks	(D) Sales Price	(E) Extended Total
			\$	\$
			\$	\$
			\$	\$
			\$	\$
			\$	\$
			(F) Grand Total	\$
			(G) Cash Receipts	\$
			(H) Difference	\$

(A) Description of each item being sold.

(B) Tally marks made, one mark for each item sold.

(C) Number of tally marks for that item.

(D) Individual item sales price.

(E) Total of (C) multiplied by (D).

(F) Grand total—sum of all extended values in (E).

(G) Cash receipts—cash count of total cash from sales, less any startup cash.

(H) Difference—if (F) does not equal (G), this is the difference between the two.

Do not force the balance on this sheet. If there is an out-of-balance item, it should be researched and resolved.

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Fundraising Event Profit

Name of College: _____

Name of Club: _____

Fundraising Event Profit

Fiscal Year: _____

This form is to be completed in two steps: estimates before the event, and actuals and differences after the event

1. Prepare the estimated sales, cost of sales, and net profit. Sign and submit a copy to the ASB bookkeeper.
2. After the event, complete the actual sales and differences. Sign, have reviewer sign, submit one copy to the ASB bookkeeper, and keep one copy for your student body records.

Student Club: _____ Name of Event: _____

ASB Advisor: _____ Date of Event: _____

Part I: Revenue								
	Estimated Sales			Actual Sales			Difference	
Revenues	Number	Unit Price	Total (# x price)	Number	Unit Price	Total (# x price)	Units	Dollars
No. of Tickets Sold								
No. of Items Sold								
Other Revenues:								
Advertising								

Total all revenue								
Loss Items (explain)								
Given Away (explain)								
Lost (explain)								
Stolen (explain)								
Damaged/Returned								
Remaining/Unsold								

Total all losses								
Total Revenue (Revenues–Losses)								
Part II: Expenses								
	Estimated Cost of Sales			Actual Cost of Sales			Difference	
Expenses	Number	Unit Price	Total (# x price)	Number	Unit Price	Total (# x price)	Units	Dollars
Cost of Items								
Cost of Items								
Other Expenses:								
Supplies								
Advertising								
Custodial OT								
Fees								
Equipment								

Total all Expenses								

Part III: Actual Net Profit for this Activity _____

Net Profit is the difference between Total Revenues and Total Expenses.

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Report of Ticket Sales

Fiscal Year: _____

Name of College: _____

Name of Club: _____

Note: This form was designed for one ticket or wrist band color. If multiple prices or colors are used, use additional Report of Ticket Sales sheets and summarize all sheets at the bottom.

Name of Fundraiser/Event: _____ Date of Fundraiser/Event: _____

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____

Name of Ticket Seller/Event Coordinator: _____

Starting Ticket Number: _____

Ending Ticket Number: _____

Total Tickets Sold: _____

@ _____ \$ each

= \$ _____

Starting Ticket Number: _____

Ending Ticket Number: _____

Total Tickets Sold: _____

@ \$ _____ each

= \$ _____

Total Ticket Sales = \$ _____

Cash Box Total = \$ _____

Over/Short* = \$ _____

*Explanation of Over/Short: _____

Ticket Seller/Event Coordinator Signature: _____ Date: _____

Bookkeeper Signature: _____ Date: _____

\$3 Tickets		\$5 Tickets					
Totals:							
Total Collections Should be:							
x \$3 =		+		x \$5 =		=	
Less:	Amount collected at the door:						
	Difference (short/over):						

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

ASB Cash Count

Name of College: _____

Name of Club: _____

ASB Cash Count

Fiscal Year: _____

Name of person completing form: _____

Date completing this form: _____

(A) Denominations		(B) Number of Bills or Coins	(C) Total Amount Collected (A times B)			
Pennies	.01					
Nickels	.05					
Dimes	.10					
Quarters	.25					
Half dollars	.50					
Dollar coins	1.00					
Dollar bills	1.00				Totals from Receipts and Adding Machine Tape	
Five dollar bills	5.00					
Ten dollar bills	10.00					
Twenty dollar bills	20.00					
		Total amount of all cash	\$	(D)	\$	Total Cash Receipts
		Total amount of all checks	\$	(E)	\$	Total Check Receipts
		Total amount of all cash and checks	\$			
(Pre-record amount and initial the amount of change funds received)		Less startup change fund amount	\$			Initial upon receiving change funds
		Total net amount of all cash and checks				

Note	(D)	ASB Bookkeeper	
Confirm that total "cash & coin" receipts equal total amount of all cash.	(D)		Initial
Confirm that all check receipts match attached receipts.	(E)		Initial
Confirm that all check payees individually match attached receipts.			Initial
Confirm that all receipt numbers are sequential, with none missing.			Initial

Follow up on ANY differences.

Cash Count form prepared by: _____
Signature, Title and Date

Cash counted by: _____
Signature and Date

Cash counted by: _____
Signature and Date

Verified by ASB Bookkeeper: _____
Signature, Title and Date

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Supporting documentation:

(Must be included when this form is turned in)

Cash register:

Report of Ticket Sales form.

Unused tickets returned.

Prenumbered receipt books:

Cash register tape.

Copy of each receipt issued.

Tally Sheet:

Copy of each receipt issued.

All receipt books returned.

All receipt books accounted for.

Completed tally sheet(s).

Sample Bank Deposit

DEPOSIT TICKET

BANK NAME
 ADDRESS
 DATE: _____
 DOLLARS CENTS
 CURRENCY 2784 00
 COIN 348 92
 1. 18 50
 2. 34 00
 3. 57 02
 4. 91 45
 5. 35 84
 6. 85 44
 7. 18 33
 8
 9.
 10.
 SUBTOTAL
 (CHECKS) 340 58
 TOTAL
 DEPOSIT 3473 50

SCHOOL NAME
 SCHOOL ADDRESS
 BANK ACCOUNT NUMBER

TAPE TOTALING ALL RECEIPTS

1,547.33 +
 1,052.10 +
 874.07 +
 3,473.50 +

TAPE TOTALING DEPOSIT

2,784.00 +
 348.92 +
 340.58 +
 3,473.50 +

TAPE TOTALING CHECKS

18.50 +
 34.00 +
 57.02 +
 35.84 +
 91.45 +
 85.44 +
 18.33 +
 340.58 +

Summary Recap – ASB Deposit

Name of College: _____

Name of Club: _____

Summary Recap - ASB Deposit

Fiscal Year: _____

Date Funds Received	Received from Advisor/Faculty	Receipt Number	Deposit for (Identify Club or Activity)	Amount Received
		Total Deposit		

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Verified by ASB Bookkeeper: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Chapter 14 – Allowable and Questionable Expenses

ASBs are an integral part of the college and must follow the same laws, board policies and administrative regulations as the college regarding the allowable spending of funds. The administrator responsible for student services and ASB advisors are responsible for ensuring that ASB funds are used to purchase goods and services that promote the students' general welfare, morale and educational experiences. In general, ASB expenses that meet these criteria are allowable. With few exceptions (such as awards and scholarships, which are discussed later in this chapter), ASB expenditures must benefit a group of students rather than individuals. It is essential to ensure that no expenditure is a gift of public funds.

Determining Allowable Expenditures

Because the distinction between allowable and prohibited expenses can be confusing, consistent guidelines and practices are important. As with many business situations, using common sense is essential. The ASB can also ask the rhetorical question, "If this situation were to be published on the front page of the local newspaper, would the same action still be recommended?"

For an expenditure to be allowable, those involved must be able to answer "yes" to all of the following questions:

- Does it comply with law and college board policy?
- Does it promote the students' general welfare, morale, and educational experience?
- Is it directly linked to the students' benefit?
- Has it been preapproved by at least the three required signatories (EC 76063)?
- Have the students agreed to the expenditure before it occurs?
- Is it something beyond what the college should provide, or has provided in the past, from its own general funding sources?
- Did you ensure that the college is not asking the ASB to pay for something to compensate for college budget reductions?
- Does it benefit a group of students (with few exceptions)?
- Is it something extra the students really want, without any pressure from nonstudents?

The college is responsible for the basic college experience, including curriculum and staff and materials needed to support the college experience. ASBs augment the basic experience and pay for items that are in addition to the basic experience and that the students are requesting. ASB expenditures that do not meet the requirements outlined above are not allowable.

Good Business Practices

The college and ASB should:

- Establish board policy and administrative regulations that include guidelines regarding allowable and prohibited expenditures.

- Establish board policy and administrative regulations regarding procedures to follow if questionable expenditures arise.
- Conduct regular reviews and updates of all ASB-related board policies and administrative regulations.
- Assign an employee position in the college business office to provide help when ASB questions arise.
- Provide annual training on expenditure guidelines, sponsored by the business office, for all employees and students who have ASB responsibilities.
- Include a statement in the ASB constitution or bylaws setting parameters for determining what is and is not an allowable expenditure.

Student Authority over How ASB Funds are Spent

In colleges, the students should be the primary authority that decides how the ASB funds are spent. This helps ensure that students' interests are protected. The administrator responsible for student services or designee is responsible for protecting the students' interests and ensuring that the funds are spent for their benefit.

When questions remain regarding whether an item is an appropriate use of ASB funds, the administrator responsible for student services or the ASB advisor should contact the staff in the college business office for guidance.

Examples of Generally Allowable Purchases/Expenditures

The following are some examples of the many types of items generally considered allowable expenses from ASB funds. These examples include frequently questioned items; they do not include obviously appropriate ones, such as supplies for a student store, school photos, or a disc jockey or decorations for a college dance. These and similar expenditures enhance students' educational experience, directly benefit a group of students, and are other than what the college must provide from its general funding sources.

The following are examples of appropriate expenditures using ASB funds:

- Magazines and newspaper subscriptions for student use.
- Library books.
- Supplemental equipment for student use that is not normally provided by the college, such as telescopes, 3-D printers, and aquariums.
- Field trips/excursions and outdoor education.
- Extracurricular athletic costs, including costs for ticket sales, game officiating, and security.
- Costs for student social events.
- Scholarships (under specific circumstances).
- Awards, if there is a college policy allowing them.
- Substitute faculty, if the regular faculty's absence is due to an authorized ASB activity.

- Costs for administrator supervision or volunteers, when required, to help an approved ASB activity such as a fundraiser or field trip (see additional information below).
- Indirect charges.
- Gratuity when dining or receiving services (see additional information below).

Administrator Supervision/Volunteer Costs

When it does not conflict with college practices or board policies or administrative regulations, the costs of administrator supervision, volunteers, or chaperones are allowed and may include expenses such as incidental or additional food for those helping, entrance fees or tickets, and other preapproved costs. In other words, when administrator supervision is required or volunteers are needed at an approved ASB event, ASB funds may be used to support this, especially when their participation is necessary for the activity to occur. This is only if the anticipated costs have first been approved by the students without any pressure to do so from the college or other nonstudents.

The club or general ASB's raising and spending of funds should include all costs associated with the activity, including food and other expenses as described in the Fundraiser Approval and Revenue Potential forms. This ensures that all costs associated with both a fundraiser and proposed purchases are accounted for before approval and before the fundraiser or activity occurs.

ASBs should not pay for adult compensation directly. Compensation should be paid by the college through its payroll procedures, and the ASB may reimburse the college for all costs, including benefits and indirect charges.

Costs Passed Through from the College

It is generally allowable for the ASB to use its funds to pay for the total cost of operations. This may include substitute faculty, transportation, food, custodial services, and so on. A properly structured ASB will have an established constitution and bylaws that outline specific operational parameters for the ASB and its individual clubs, often including costs associated with using the college's facilities. A college's board policies and administrative regulations regarding ASB should include any allowable fees that may be charged to ASB clubs and student councils.

Each college likely has a facilities use agreement. That agreement is typically for noncollege organizations that wish to use the college's facilities. ASBs are part of the college and so typically do not have to follow such procedures; however, there may be an internal form that ASBs may use to request use of facilities. Whenever facilities, custodial, transportation, or other college services are considered part of an ASB activity, these requirements should be identified in a fundraiser approval form and revenue potential form.

Even if the college may charge for facilities use, transportation, or custodial services, it should not impose a fee or fine on a club unless the ASB previously authorized and agreed to it. In other words, if the college has not previously charged the ASB for custodial services, it should not suddenly begin charging for those services, especially if it is to shift the burden of a college cost to the ASB. If a college's governing board has determined that certain costs (e.g., for substitute faculty, custodial services, or portable toilets) are to be paid by the ASB when

activities occur, this is something that should be brought to the ASB's and clubs' attention early in the ASB's budget and fundraising process to allow them to plan for and approve the anticipated costs.

In addition, ASB and club fundraising proceeds should always be used to support the purpose(s) outlined on the Fundraiser Approval and Revenue Potential forms. Expenditures such as custodial expenses, substitute faculty, and volunteer or chaperon costs should be identified as a planned expense if known. All ASB expenditures must be preapproved in the ASB and club minutes, have a preapproved purchase order, and be identified in other documents such as the Fundraiser Approval and Revenue Potential forms. The more clearly documented and transparent student costs are, the less likely there will be confusion later.

Examples of Generally Prohibited Purchases/Expenditures

Expenditure of student funds for the following items is not usually allowable, because they do not directly promote the general welfare, morale or educational experience of the students, or are considered a college responsibility, or do not benefit a group of students (with some exceptions), or are considered a gift of public funds:

- Employee compensation or supplies that are the responsibility of the college. Some examples are faculty compensation (e.g., ASB advisor), ASB employee compensation (such as the ASB bookkeeper), curriculum or office supplies, office equipment, and ASB operating/accounting software and licensing fees. However, substitute faculties' compensation may be allowed if they are substituting because of an ASB-approved and ASB-related activity and if the expenditure to pay for the substitute faculty was preapproved as part of the fundraising event's potential expenditures.
- Compensation to students who perform ASB duties, such as general ASB or club leadership roles.
- Repair and maintenance of college-owned facilities and equipment. An exception might exist for equipment that the ASB purchased and then donated to the college if the donation agreement includes a provision that the ASB will maintain the donation in the future, including paying for any repair, maintenance or replacement.
- Permanent buildings.
- Items for the personal use of college employees.
- Employee meeting expenses.
- Employee professional development expenses, (e.g., California Association of Directors of Activities (CADA) conferences), including ASB software training, unless students are also attending the event or activity (see the Employee Professional Development section later in this chapter for additional information).
- Ongoing expenses that obligate future ASB classes or clubs. Exceptions include limited multiyear projects approved by the governing board, and expenditures that may overlap to a subsequent fiscal year, such as yearbook expenses.
- Expenses of school-connected organizations.
- Large awards, unless board policy states otherwise (see the Awards section later in this chapter for additional information).

- Gifts of any kind, including employee appreciation gifts.
- Employee appreciation meals.
- Employee clothing. (see the Employee Clothing section later in this chapter for additional information)
- Donations to charities or other organizations, unless specifically allowed in board policy.
- Donations to families or students in need.
- Cash or gift card awards, unless a college's board policy states otherwise (FCMAT does not recommend this).

Because student body funds are to benefit students as a group and not individuals, use of ASB funds for awards and scholarships is generally discouraged but is allowable, as discussed later in this chapter.

Student Compensation

Compensating students with stipends, wages, or scholarships for performing ASB duties for the general ASB or a club is generally prohibited. Participation in ASB, including in leadership positions, is voluntary. Paying students for ASB leadership roles can create equity concerns as well as potential issues with payroll and payroll tax withholding, employer benefits, and collective bargaining agreements. It also contradicts the concept of volunteering. Payment by alternative means, such as gift cards or scholarships, may also be viewed as payroll tax avoidance or unreported compensation.

Paying students for handling larger and more frequent ASB functions, such as working in a student store, is also not recommended. However, if the governing board and business office have established compensable positions as allowable ASB expenditures, and if proper payroll reporting is in place, students may be hired as college employees, subject to the constraints of the Education Code and collectively-bargained agreements. Including this in the appropriate board policy or administrative regulations and ensuring the college's legal counsel reviews it is also important if such student positions are considered.

Purchasing Gift Cards

Purchasing gift cards is discouraged because it is difficult to establish and maintain internal controls for them. As cash equivalents, gift cards can be challenging to track and control once purchased by or donated to the college or ASB. Most vendors treat gift card purchases the same as cash purchases: no identification, purchase authorization, or other control mechanism is required.

However, if a college has approved board policies and administrative regulations as well as strong internal controls, gift cards may be purchased and used for awards and other ASB purposes. See the Gift Cards as Awards section later in this chapter for more information.

Gifts are Never Allowed

Questions often arise about giving gifts, which has a personal as opposed to public character. Contrary to what often occurs, gifts are not allowable, even if the amount is small. Gift certificates 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 on an individual. To avoid making a gift of public funds with gift certificates, ask merchants or individuals to donate gift certificates. Although some college administrators may feel that the college benefits from positive relationships established by sending gifts to students, faculty, or others, the public relations value is of primary benefit to the respective administrator involved, not to the college as an institution. If students or administrators want to give gifts, use private funds, not public funds.

Discussions regarding gifts often conclude that trivial or insignificant gifts are acceptable. However, given modern governmental accounting practices and regulations, conflict of interest law, and criminal law, such a use of public funds in any amount can never be considered trivial or insignificant. The law clearly regards the misappropriation of public funds as a criminal act, with no minimum monetary limit specified, so it is best to avoid gifts of any amount.

While gifts are never allowed, there is a distinction between gifts and awards, including gift cards used for awards. Gifts convey a personal benefit and typically have no ASB purpose, so are prohibited. Awards typically have an objective, meet criteria, and are board-approved as a component of student recognition, which means they may be allowed. Gift cards used as awards are allowed when the criteria for receiving an award is met, when board policy authorizes gift card use, and when there are sufficient internal controls to account for gift card purchases and use.

Awards

Education codes 76060–76067 govern student organizations. Education Code 76060 states that the governing board of a community college has the authority to authorize students at a college to organize a student body association. It states the following:

The association shall encourage students to participate in the governance of the college and may conduct any activities, including fundraising activities, as may be approved by the appropriate college officials.

Thus, awards to student from ASB funds are permissible only if the “appropriate college officials” (i.e., the governing board or the board's designee) allow ASB funds to be used to recognize students for some form of excellence or superior accomplishment. This means ASB funds may be used for awards or recognition of students only if there is board policy, administrative regulations, or the governing board or their designee specifically approve such expenditures. Excellence or superior accomplishment for students can mean many things and is usually specific to each student and college. If items are intended as employee or student awards, the governing board must adopt rules and regulations regarding such awards. Awards to community members, administrators, or volunteers are not considered authorized because they are not included as allowable in the Education Code.

Student Awards

Some types of awards that recognize students for excellence, achievement, attendance, leadership, spirit, citizenship, good behavior, and other achievements are as follows:

- Letters of commendation.
- Board resolutions.

- Trophies.
- Certificates.
- Plaques.
- Medals.
- Badges.
- Pins.
- Flowers and sashes.
- Shirts, hoodies, jackets.

Awards may also be in the form of a gift certificate or a scholarship, within the statutory monetary limits, if the governing board has approved such items as allowable awards and if IRS reporting requirements are followed. The governing board may also approve an expenditure for flowers or candy as part of an award or prize, which is allowable only if the college's board policy on awards complies with Education Code and IRS regulations.

A college's board policy allowing student awards should specify what is considered an allowable award. The longer the list of what constitutes an allowable award, the more likely it is that students and the community will understand the policy.

Gift Cards as Awards

To provide a gift card as a student award, the college's governing board policy should state that gift cards are an allowable award. In these instances, ASB funds may be used to purchase gift cards if funds were raised for this purpose through an approved fundraiser.

Gift cards require a higher level of security and internal controls. Gift cards should be secured the same as cash, and access should be restricted. Without adequate internal controls, gift cards can be stolen, or used completely or partially without the cardholder's authorization or knowledge. ASBs should work with the college business office to establish adequate internal controls. If the cards are purchased to be used as awards, at a minimum, a gift card inventory log should be maintained, including the date of award, the name of the recipient, and the amount of each card.

Student Fees (Activity Fee or Building Fee) Used to Pay for Expenditures

Using college student fees, often referred to as activity fees, to pay for expenditures may be allowable depending on each proposed expense. For example, restroom supplies of any kind, including hygiene products equipment, or products disbursed through dispensers, and renovations of even student facilities, are not typically an ASB expense but an operational expense of the college. That is, if the expenditure is the college's responsibility, the college has paid for the expenditure in the past, or the ASB is being asked to pay for an item or service because the college has insufficient funds, it is probably not a reasonable ASB expenditure. The college is generally responsible for all operational expenditures for facilities, and ASBs are intended to pay for extras, meaning items in addition to what the college typically funds.

Activity Fees

Activity fees typically are taken for specific purposes from student fee payments. For example, each student pays \$5 in the spring and \$5 in the fall. This fee source of revenue can total several hundred thousand dollars in a given school year. Activity fees and the use of those funds are administered by student government. Student government should establish a budget approving the use of the funds, including for clubs that apply for such funds. Typically, clubs may apply for funding of their club from the student council and interclub council (the interclub council is typically part of student government). Because funding for clubs may be provided by the student government, it is not always necessary for clubs to fundraise. For example, if a student club can apply for \$3,000 in funding from the interclub council and \$5,000 from student government, in total they are funded for \$8,000.

Some activity fees may be subsidized by the college but are typically collected from students. Regardless of whether they are collected entirely from students or partially subsidized by the college, these funds should be budgeted and approved for specific predetermined uses. The activity fee is designed for student activities to benefit clubs and as much of the general student body as possible. As with any fundraiser, activity fees should be determined and their intended use documented in advance. This is to ensure that funds are not redesignated or diverted for uses that were not preapproved or budgeted.

Building Fees and Costs

Some colleges, such as those that have a student union, may charge a building fee to each student. The cost per student varies as with any other fee. Building fee revenue should be used exclusively for budgeted building expenses such as building improvements. As with any facility-related expenditure, there are many things to consider.

Using student funds or activities funds to pay for the renovation of facilities is generally not an allowable ASB expenditure but may be an allowable cost if paid from building fees. However, if such an expenditure is considered and meets all the requirements to allow such an expense, the following considerations remain:

- The students should understand that they may be paying for something with unknown or changing costs, because capital improvement or renovation costs of this nature are difficult to define and budget.
- Originally unknown costs may arise because of the discovery of mold or other unanticipated defects found during remodeling. These may result in change orders that increase costs.
- Typically, structural renovations may take longer than a single school year, which means the current ASB is obligating future students and student leaders to future fundraising or fees. The students who agree to fund such renovations should understand that this also means that by the time the renovation is completed they may not be there to benefit from it.
- If the governing board allows the expenditure, usually the ASB will not own the renovation or improvements but will donate the improvement to the college.

Unapproved Purchases/Expenditures

As stated throughout this manual, all ASB expenditures require preapproval in accordance with Education Code (EC) 76063. Failure to obtain preapproval is a violation of law. The responsibility for administering and overseeing the proper expenditure of student funds rests with college administrators, who should establish a strong internal control structure, train club advisors and students, and ensure student funds are safeguarded throughout the expenditure process.

Nevertheless, there may be occasions when the preapproval of an expenditure does not occur. In the absence of prior approval, the ASB may choose to pay the expenditure, depending on the circumstances. The considerations for allowing reimbursement without prior approval vary; however, general guidelines may include the following:

- Have unapproved expenditures, including expenditures that lack one or more of the necessary approvals, occurred in the past?
- Have the individual(s) involved in incurring the unapproved expenditure been involved in previous transactions without prior approval? If so, was any action taken to prevent a recurrence?
- Is the expenditure something that would otherwise have been approved?
- Does the expenditure comply with college board policy, Education Code, and any other applicable guidelines regarding allowable expenditures, other than not being approved?
- What caused the individual(s) to incur an expenditure without prior approval (e.g., lack of training or knowledge, inexperience)?

Although the Education Code is clear regarding the requirement for prior approval, there is not a prescribed procedure for when this does not occur. Exceptions must be handled locally, with consideration given to the above questions and any other relevant factors. The college and ASB may determine that an exception may be made in certain cases to prevent a student, an employee, or the college from having to pay the cost of an otherwise allowable expenditure.

The ASB should act to prevent transactions that lack sufficient approvals. This could include implementing stronger internal controls, providing additional ASB training, or consulting with the applicable individual(s) and/or ASB leadership. If an unapproved expenditure occurs, it should be disclosed to the student council, which should ratify the expenditure after the fact. The ratification should always be documented in the student council meeting minutes. This helps create a record of the incident and can help with handling future issues. Changes or improvements to board policies, administrative regulations, and the ASB or club bylaws may also be needed.

Gratuities

Reimbursement for voluntary gratuities is not prohibited by statute, and whether to do so is a local decision. A college's governing board makes the policy decisions about what is reimbursable, and gratuities are usually allowable at colleges (and ASBs) up to a specific percentage; this is typically specified in a board policy or college procedure that the ASB should follow. FCMAT recognizes that a gratuity for meals is a common expense and that it is

reasonable for a college or ASB to reimburse for this cost. Reimbursement is typically limited to a maximum of 18-20%. Such an allowance is often included in the college's travel and expense reimbursement policy, which would also apply to the ASB unless noted otherwise in ASB bylaws or the constitution. Please review your college's board policies and administrative regulations to determine what is allowed at your college (if necessary, contact the college's chief finance officer for this policy and guidance).

Donations Solicited to Help Other Charities

Donations to nonprofit organizations or to students or families in need are usually not allowable ASB expenditures no matter how worthy the cause, because they are considered a gift of public funds. ASB funds are legally considered public funds. In general, fundraising that occurs on campus should be for the benefit of the ASB, not for other organizations. However, if the governing board has determined that a specific fundraiser or expenditure will benefit the education of students by serving a public purpose, the expenditure or transfer is unlikely to be a gift of public funds in the eyes of most courts.

When students ask to fundraise for other charities, there may be many influences on the students' decisions about which charity to support, so these fundraiser should be approved by the college's governing board (or its designee). No funds from other clubs, inactive accounts, or fundraisers not approved by the governing board should be donated to outside organizations. The governing board or its designee who approves fundraising for other charities should be mindful of how many such fundraisers are allowed. Students should not become a fundraising arm of charities. Students should be fundraising for their own activities and to augment their educational experience, not for outside organizations; therefore, they should be limited in their frequency.

An ASB club established to fundraise for student-approved charities may be allowable if the club is properly approved. Clubs established to support charities should be approved by the governing board. Care should be exercised to ensure that students of the club are not pressured to fundraise for other charities and that all the procedures outlined in this manual are followed.

Donated Funds Remitted Directly to the Charity

A student group may organize a fundraiser to support an outside organization such as a charity when the fundraising event is clearly identified as raising funds to donate to that charity. The best practice for soliciting donations for another charity is for donations to be in the form of checks made payable to the charity and, along with any cash or coins collected, be picked up by or delivered directly to the charity so that funds are not deposited into the ASB account. All checks written directly to the charity, and any cash or coins collected for the charity, should be placed in the ASB or college safe and remitted to the charity within a few days of collection. Holding checks to the charity and any applicable cash and coins in the college safe should be minimized. Do not deposit any collections in the ASB bank account. If the ASB cannot count the cash and coins, an alternative is to take the cash and coins to a bank and have the bank count it and issue a cashier's check to the charity.

Donated Fund Deposited into the ASB Account

When allowed by the college, the funds collected could be deposited in an ASB bank account. When it is time to transfer the funds from the ASB to the charity, the disbursement should be through a preapproved ASB expenditure made to the charity equal to the amount of the collected funds. The normal rules regarding prior approval apply to donation disbursements: as with all ASB expenditures, the approval should be documented using the expenditure approval form signed by the student representative, advisor, and administrator responsible for student services, and should be noted in the club meeting minutes.

Other Fundraising Options

Other fundraising options for students who want to raise funds for charities are to work with a foundation or other nonprofit school-connected organization. If this is to be an option, the administrators should verify that the organization has its own tax identification number and enough internal controls to operate the fundraiser. If the organization meets with the college's approval, the students could ask them to operate the fundraiser, because groups such as this are not subject to the rules regarding gifts of public funds.

Securing Donation Drive Funds

Some colleges or ASBs hold coin drives. Students place secure coin containers in classrooms, students put collected coins in jars, and the money is then given to a designated charity. Another form of the coin drive is for students to walk around campus with containers soliciting loose change from students and others. Some donation drives may be sponsored by the college and others by the ASB. Donation drives sponsored by the college that are not ASB-approved donation drives should be kept separate from the ASB, and those funds should not be placed in ASB accounts. Regardless of the sponsor of the donation drive, the funds should be secured at all times and all cash handling internal controls should be followed (e.g., counting money with a witness, completing a cash count form, and placing checks, cash and coins in a plastic tamper-evident bank bag).

If the fundraiser is approved to allow students to solicit funds on campus, the security of students holding cash and coins should be considered. Some colleges do not allow students to solicit while walking around campus, some allow soliciting only if accompanied by an administrator, and some allow campus solicitation if students work in pairs. The best practice is for students to solicit funds on campus only with administrator supervision.

Rather than depositing coins directly into the ASB account, ask the bank to count and issue the money directly to the charity. If the funds are transferred directly to the charity, the ASB does not write a check but should document the transfer of funds to maintain an audit trail.

Assistance to Individual Students or Families in Need

Under no circumstance should student groups donate funds to an individual needy student or family or use college equipment for a fundraising drive for one student or family.

The issue of a gift of public funds arises when a payment is made from the ASB and given or donated to individuals.

Food Drives

Food drives such as canned food drives are allowable when properly approved because, rather than ASB money being used for a charity, students bring food from home to donate and no money changes hands.

Scholarships

As discussed in [Chapter 8](#), the student council may accept scholarships and trusts from outside donors (individuals or organizations) with the approval of the governing board or authorized designee. The acceptance should be made in writing and should clearly describe all the conditions the donor is requesting. These funds should be accounted for separately in a trust account within ASB and used specifically for scholarships. If the donor does not establish criteria for award of the scholarship, the administrator responsible for student services should work with a committee that includes at least one student representative to determine the criteria for the scholarship.

Scholarship for a Specific Student

A donor may not donate a scholarship for a specific student. If a donor wishes to fund a specific student's higher education, neither the college nor the ASB should accept the scholarship.

Board Approval Required

Scholarships paid from student body fundraisers rather than from outside donations are normally not allowable because they do not benefit a group of students. College governing boards may sometimes approve fundraisers specifically to raise scholarship funds or may approve a club whose sole purpose is to raise scholarship funds. If governing board approval has been received, a separate trust account should be opened within the ASB specifically for these fundraisers and then closed after the scholarship(s) are paid. It is essential to ensure that the board approves this fundraising and to clearly document that the only funds raised for scholarships were those fundraised and paid out for that specific purpose. No funds from other clubs or accounts should be used for scholarships.

Scholarship Payments

If scholarships are to be allowed, a college should set guidelines regarding how many will be allowed annually. There should be selection criteria for all scholarships. Cash awards are not allowed; rather, scholarship checks should be made payable to an institution of higher learning or a college bookstore, to be used toward tuition or books and supplies.

Scholarship payments made directly to students are not permitted, because the college and ASB have no assurance that the funds will be used for the intended purpose. In addition, donations afford favorable tax treatment to the donor, and the donor's intent or how funds were raised for a scholarship may also affect how a scholarship is to be paid. A payment made directly to a student could become a gift of public funds if the donation is diverted for other purposes. If a scholarship is paid directly to a student, once the payment is issued, there is no guarantee of how the funds will be spent, despite obtaining a class schedule and/or student identification number or other information. Scholarships should not be paid directly to students. However, if the governing board has established board policy or administrative regulations and criteria that allow scholarship checks to be made payable to an individual student, it may be

allowable. Colleges should obtain their legal counsel's opinion regarding issuing scholarship checks payable directly to students.

The normal rules regarding prior approval also apply to scholarship disbursements. As with all ASB preapproved expenditures, the approval should be documented on the expenditure approval form by the signatures of the student representative, the advisor, and the administrator responsible for student services, and should be noted in the club meeting minutes.

Transferring Scholarship Funds

Transferring scholarship funds to another college account or to a formally recognized nonprofit corporation may be allowable. However, the donor of the scholarship may not have intended that the funds be moved outside of the ASB's authority. If there are no donor prohibitions, or if the donor has agreed that the funds may be moved to another entity, and if there are no college board policies or administrative regulations that prohibit transferring the funds, it may be allowable. In addition, if the entity receiving the funds cannot guarantee that it will administer the funds and the selection of recipients in the same manner as the ASB, then the funds should remain in the ASB.

Colleges have the ability to establish scholarship funds and receive donations toward specific scholarships. They also routinely administer scholarship agreements. If the ASB does not wish to handle scholarships, consult with the college business office for assistance in setting up a college scholarship fund.

Employee Appreciation Meals

Faculty, administrators, or other nonstudents cannot receive any form of financial or in-kind recognition from ASB trust funds; this would be considered an illegal gift of public funds. Appreciation meals are a form of in-kind recognition. ASB student funds and resources cannot be used to provide appreciation to nonstudents.

Employee Clothing

As stated above, employee clothing is generally a prohibited ASB expense. There is no specific statute or case authorizing the expenditure of ASB funds for items such as jackets, sweatshirts, or t-shirts for employees, because these items benefit an individual and could be considered a gift of public funds. College funds may be used to pay for clothing or equipment when it is necessary or required for the employee (e.g., athletic coach, club advisor) to perform their duties in that capacity, or when the clothing or equipment is properly given as a college award per board policy or administrative regulation. It is not allowable to charge employee clothing expenditures or awards to ASB funds; they should be charged to college funds, because ASB funds should be used for students.

However, if the ASB students have determined that as part of their fundraising efforts they want the advisor or ASB coach to wear the same uniform as the club or team, the cost of that clothing may be allowed. For the clothing to be allowed, the students should document the following:

- That they have confirmed there are no college board policies, administrative regulations, ASB bylaws, or college business office prohibitions against students fundraising for and purchasing clothing to be provided to ASB advisors or coaches.

- Club minutes should indicate the student's intent for and limits on how much clothing to provide the advisor or coach (e.g., the same uniform or shirt as the club members, or other clothing limits).
- The fundraiser approval form and revenue potential form should define the specifics of the type and quantity of clothing for the advisor or coach.
- The ASB purchase order should separately identify the clothing purchase for the advisor or coach.

Indirect Charges and Other Assessed Costs

Some people ask whether a college may charge ASB funds an indirect cost rate as it does for allowable local, state and federal programs. Indirect costs include services that support but are not directly attributable to ASB, such as insurance, utilities, management, and supplies. Although it is allowable to charge the ASB for indirect costs, it is not customary for a college to do so. If a college desires to do so, this should be discussed with the students so they can plan for that expenditure and understand what the charge pays for. In addition, the college should ensure that its board policy regarding ASB states that the current state-approved indirect cost rate will be charged to ASB. As with all ASB expenditures, any such charge would need to be preapproved.

Using College Funds to Support ASB

A college may help an ASB financially. As with most ASB processes and procedures, the college should create or change its board policy or administrative regulations to specify the circumstances under which such financial help is allowable (e.g., for startup money, credit card fees, athletics or club subsidies, or unforeseen circumstances). Such a policy should include the amount(s) and which college funds can be used (such as unrestricted funds or certain local funds).

A college could also use a board resolution to provide financial help, including a detailed explanation of the need for the financial help. If necessary, the resolution could specify that the help is only for the current school year and that future fiscal assistance may be reviewed and renewed annually at the board's discretion.

When such an arrangement is permissible at a college, the college may issue a check or warrant to an ASB for deposit into the ASB's account. All funds the ASB spends, including those received from the college, should follow the same preapproval procedures required for all ASB expenditures.

Employee Professional Development

There are important points to consider when student money is used to pay for adults to attend a conference or clinic (e.g., California Association of Directors of Activities (CADA), ASB Works, or coaching or athletic clinics), especially when students are not also attending the event. For purposes of this section, conferences, training, and clinics will be referred to as professional development.

It is the opinion of many colleges, and of FCMAT, that if students are not attending the professional development with the adult(s), it is not appropriate for the expenditure to be charged to

ASB, because there is no direct benefit to the students. Following this guidance, these costs — registration, travel, and related costs — would not be a generally allowable ASB expenses.

It is also important to be mindful of how the general public may view a student fundraiser the proceeds of which are spent for an adult to attend a professional development activity, especially when it may include meals, lodging and/or transportation paid for by the ASB. This is especially important if the student fundraiser approval form and ASB minutes did not specify that the proceeds of the fundraiser would be spent for an adult to attend professional development.

If the professional development and its costs are determined to be vital to the college or program, and if students are not also participating in the activity, the college should strongly consider paying for the professional development, because this could be more appropriately considered an expenditure for an employee's professional growth. Further, if the college has been paying for similar activities in the past, it should not suddenly become an ASB cost now, even if the college may be experiencing financial difficulties. Ideally, a college should have governing board policies and/or administrative regulations expressly allowing or prohibiting payments by the ASB for adult professional development and other similar expenditures, and ensuring that all ASB funds are used for purposes in line with what the governing board considers appropriate for the college and ASB.

In all instances, ASB expenditures must be directly linked to the students' benefit, should benefit a group of students (with few exceptions), and must be outside of what must be and has been provided by the college's general funding sources in the past. Refer to the section above titled, “Determining Allowable Expenditures” for a list of criteria that can help determine what an allowable ASB expenditure might be at each college.

Also remember that in a college ASB, the students make all decisions regarding how funds are raised and how those funds will ultimately be spent. The ASB or club advisor and the administrator responsible for student services may offer guidance but may not pressure or compel students to spend their funds in a certain manner. In short, college faculty or other nonstudent members should never determine how ASB funds will be raised or spent. Only the students may make these determinations

However, if the students have initiated the professional development expenditure and have documented their intent and choice to fundraise for and spend their proceeds on professional development for adults, the cost may be allowable if all of the following are true:

- There are no college board policies, administrative regulations, ASB bylaws, or college business office prohibitions against students fundraising for and spending their funds on ASB-related professional development for an adult.
- Club meeting minutes provide the details of the students' intent and any limits on what they have agreed to pay for (e.g., travel, meals, registration).
- The fundraiser approval form and revenue potential form define the specifics of the professional development and are properly approved with all required signatures.
- Each ASB purchase order includes sufficient details to identify the anticipated expenses and is properly approved with all required signatures.

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Chapter 15 – Contracts

An ASB will normally need to enter into contracts for goods or services. A contract is a legally binding document that must be reviewed carefully before execution. Like any other contract, all contracts related to ASB must comply with state law and the college’s rules regarding who is authorized to enter into contracts.

Some colleges’ governing board policies and administrative regulations clearly describe how all contracts, including ASB contracts, are to be managed from beginning to end, while others are completely silent regarding ASB contracting practices. If the latter is the case, the ASB should follow existing policies for other college contracts (e.g., if board policy lists the college president and chief financial officer as the administrators who can sign all college contracts, then those are the only individuals who can sign ASB contracts). This chapter suggests best practices to facilitate ASB contracts and to protect the ASB, the students and their assets.

Various Education Code provisions set limits on contracting. These include time limits (Education Code (EC) 17596) and requirements for governing board approval (EC 17604 and 17605). Likewise, the Public Contract Code and Government Code provide other requirements and set forth exceptions (PCC 20111, GC 53060).

Contract Situations

One example of an ASB organization contract is an agreement for vending machine management. Additional contracts may include those for yearbooks, disc jockeys, and picture sales, as well as other activities.

Some contracts may be for one event; others may be ongoing, such as yearbook and picture sales, or events that repeat throughout the school year.

Any document that requires one party to do any specific action and receive compensation of any kind in return is considered a contract, regardless of what the document may be called. Contracts can obligate the student organization to pay for goods or services, or they might guarantee payment to the student organization for allowing access or advertisement. These documents may be called agreements, letters, memoranda of understanding, grants, or have other names, but all are contracts and thus board policy must be followed when they are agreed to.

Potential Problems

As noted previously, a contract is a legally binding document. Some ASB organizations have found that the contracts they entered into did not adequately protect their interests and the organization lost money. ASBs also often find that the employee signing the contract did not have the authority to do so. In other cases, questions were raised about the propriety of the contract. For example, was it entered into impartially or was the vendor a relative of the dean of student services or another staff member? Questions to consider include the following:

- Are the contract terms and conditions stated clearly?
- Does the contract comply with board policies and regulations?
- Did the business office review the contract?

- Did legal counsel review the contract, if necessary?
- Does the contract contain indemnification language to protect the ASB?
- Are there adequate insurance terms and hold harmless clauses in the contract? Whom do these clauses protect?
- Does the contract have renewal provisions? Does the college allow contracts that span more than one year? If so, are renewal provisions scrutinized before the contract is signed?
- Does the person signing the contract on behalf of the ASB have signatory authority? Up to what dollar amount do they have authority to sign?
- Are there adequate funds to pay all costs of the contract?
- Is the contract subject to the state's bid limit?
- Was there a competitive process that ensured fairness?
- Will the contract obligate the ASB beyond the current year?
- Did the ASB review the contract and approve it in their minutes?
- Have the costs of the contract been properly budgeted by the ASB, and are they preapproved for eventual payment by an ASB purchase order or other similar form that indicates preapproval?

Role of the Business Office

Because student organizations are considered part of the college, the college business office has the same responsibility and authority over ASB contracts as it does for any other college activity. This often includes the following:

- Risk management review for potential liability and any indemnity from harm or blame.
- Purchasing review to ensure that terms are clearly stated and understood.
- Business services review to ensure that financial considerations are clear and have been fully factored into the decision.
- Business services review to ensure compliance with state procurement laws.
- Business services contacting the college's legal counsel for advice, if necessary.

For these reasons and because of the complexities of contract law, the ASB organization should have contracts, particularly long-term and ongoing contracts, reviewed by the college business office before the contract is finalized.

A supportive and informed business office can provide counsel and assistance in many ASB contracting matters. Several steps in contracting require expertise in specialized business areas. Many purchasing departments help the ASB define specifications, request proposals, request bids, and evaluate responses from vendors and bidders. The college's legal counsel may need to review the terms and conditions of the contract because of its size and complexity, or because such a review is mandated by board policy. The college's risk manager is often involved in various aspects of ASB contracting as levels of insurance, coinsurance, hold

harmless or other indemnification terms are considered. Standard contracts should be developed for common ASB activities, such as disc jockeys for dances.

All contracts require approval or ratification by the governing board. The governing board determines who has the authority to sign college contracts, including ASB contracts. This authority may be limited to certain individuals based on the monetary amount. For example, at one college, all contracts for more than \$5,000 must be signed by the chief financial officer (CFO), while ASB contracts for less than \$5,000 are signed by the administrator responsible for student services. Individuals who sign contracts without proper authority may be assuming personal responsibility. Students may be minors, and because of the college's responsibility for oversight of ASB, students should never be allowed to sign contracts on behalf of the ASB.

Uncompensated Service Agreements

Sometimes an organization wants to enter into an agreement with a student organization to provide specific services free of charge. Although these organizations are not requesting compensation, it is a good business practice to use some type of contract so that terms can be specified and issues such as insurance and fingerprint clearance can be addressed. These agreements will usually be used for ongoing programs involving regular interaction with college students, but they may also be used for one-time events. The primary concern is exposure to liability. College administrators should seek guidance from the college's CFO whenever an uncompensated service for any event is discussed and before any agreement is finalized. Whether compensated or not, the same approval and signature requirements exist.

School-Connected Organizations

School-connected organizations such as booster clubs, foundations, auxiliary organizations, and other similar organizations are independent of both the college and the ASB. School-connected organizations must enter into their own contracts or agreements with external organizations and must not be appended to or be part of college or student organization contracts. Because many of these nonstudent school-connected entities are organized as 501(c)(3) nonprofit organizations and have their own tax identification number, their operations remain separate and distinct from those of the college and student organizations.

Good Business Practices

To help ASB leaders and advisors in contract matters, a college should have policies and procedures that do the following:

- Clearly identify in board policy or administrative regulations who has the authority for various aspects of ASB contracting.
- Define responsibility and support roles for key college employees, including the following:
 - ASB advisor.
 - Administrator responsible for student services.
 - Business office staff.
 - Chief financial officer.
 - Risk manager.

- Facilities employees.
- Maintenance and operations employees.
- Legal counsel.
- Purchasing officer, with responsibility for:
 - Identifying services and products with clear specifications.
 - Solicitation and evaluations of proposals and bids.
 - Selection of the best proposal.
- Contract Negotiation, including:
 - Terms and conditions.
 - Price.
 - Deliverables.
 - Indemnification/hold harmless.
 - Insurance provisions.
 - Escape or termination provisions.
 - Renewability.
 - Nonappropriation.
 - Nondiscrimination.
 - Venue and applicable law.
 - Conflict of interest.
 - Conflict resolution.
- Mandatory review of all contracts by the business office.
- Standard contracts for annual or recurring activities and services, such as disc jockeys, pictures, and yearbooks.
- Limitation of contract term to one year or applicable Education Code limits.
- Ensure that the activity has been approved, noted in the minutes, and budgeted by ASB.
- Ensure that all contracts are reviewed for compliance with the bid limit. Under the Public Contract Code, some bid limits change annually, so it is essential that someone in the business or purchasing department review the contract to ensure compliance. ASBs should not be involved in construction contracts.

Chapter 16 – Equipment Purchases and Management

Occasionally, students purchase equipment with ASB funds. Equipment is typically defined as moveable personal property of a permanent nature (excluding land and buildings) with a useful life of more than one year and a cost of more than \$500. Examples include machines, furniture, vehicles, and furnishings that are not integral parts of a building or a building service system. Some equipment also requires periodic maintenance and repairs. When purchasing equipment, the college business office should be consulted. The business office will be able to better inform the students about insurance needs, exposure to various risks such as vandalism and theft, inventory and property tagging requirements, and capitalization thresholds.

Equipment and Capital Asset Ownership Options

Many colleges prohibit student organizations from owning equipment or long-term assets of any kind. When ownership is allowed, equipment purchased by an ASB organization is the property of the ASB. An ASB or the student club may then donate the equipment to the college if the college is willing to accept it. This has many advantages for the student organization because the college usually assumes responsibility for maintaining and repairing the equipment, unless there is an agreement between the college and the ASB that states otherwise. If the student organization does not donate the equipment to the college, current and future students will have to assume responsibility for all associated costs, including those for maintenance, repair and insurance.

If the ASB donates the equipment, any special terms the donation may have should be agreed to in writing by both the ASB and college. The governing board should formally accept the equipment donation just as it would any other donation. Acceptance of the donation does not mean that the college will replace the item in the future if it no longer works or is obsolete. In addition, because the college is not required to accept any donation, the ASB should communicate with the college before purchasing the equipment to ensure that the college will agree to the donation.

ASB Equipment

When an ASB is allowed to own equipment and chooses to fundraise for the cost of certain equipment, the ASB or club should understand that there are usually maintenance costs associated with owning equipment. For equipment with long-term maintenance needs, it may be preferable for the equipment to be donated to the college, if the college is willing to accept the donation, rather than obligating future ASB students to raise funds for maintenance. ASB donations to the college should be documented in detail in the meeting minutes and approved by the club advisor, college administrator/board designee, or governing board.

Fraud Alert

Digital cameras, scanners and other small devices that do not cost more than \$500 but may have a useful life of more than one year and are susceptible to theft are often too small for an inventory tag or bar code. Consider doing the following to deter theft.

- Engraving the ASB name on each item.
- Identify the make, model and serial number of each item in the inventory.
- Require that each item be checked in and out for use, using a signature log.

A sample letter for transferring equipment to the college is included at the end of this chapter.

Risk Management and Insurance Options

A college's insurance policy covers college-owned equipment for various risks. If the ASB prefers to retain ownership of equipment, it should check with the college's risk manager before the purchase to determine what type of insurance is needed. The ASB advisor should counsel student leaders about business issues such as deductibles, self-insured retention, replacement value, and depreciated value of equipment.

Dispenser Purchases

When placing dispensers in bathrooms or other locations for items such as hygiene products is considered an ASB cost, factors such as the following need to be considered:

- Who will be responsible for purchasing the products to fill (and refill) the dispensers? If the ASB will be responsible for this, it is important to remember that the ASB may effectively be obligating future classes to fundraise to continue purchasing the products. That is, the current ASB students would be determining how future ASB students should fundraise and spend funds, which could be problematic.
- Will the ASB or the college be responsible for the maintenance and/or eventual replacement of the dispensers?
- Will the dispenser issue product for free, or take payment like a vending machine?
- Who will be responsible for replenishing products and how often, and, if applicable, collecting, transporting, counting, witnessing, and depositing funds?
- Who will be responsible for the installation, repair, and maintenance of the equipment?
- Because the college is generally responsible for the facilities, equipment and fixtures, and the cleaning and maintenance of them, obtaining college governing board approval and facilities and maintenance department approval is recommended. Facilities and maintenance will know best the feasibility of affixing dispensers and the installation costs.
- If such an expenditure is approved by the college governing board and any applicable departments, the public may be of the opinion that this expense should be paid by the college rather than the students. To improve transparency, the best practice is for the governing board and applicable administrators to approve a fundraiser and describe in detail the revenue source(s) and how the funds will be spent.
- If the college governing board allows the expenditure and installation, usually the ASB does not retain ownership of the dispensers but donates the equipment to the college.

Inventory Practices

If the college accepts a donation of equipment purchased by the ASB, an employee should place a tag on the equipment identifying it as college property and should include the item or items in the college's equipment inventory list. The college should have specific policies and procedures related to inventory practices and should follow them. Keeping a record of the following information helps create good internal controls for ASB equipment purchases valued at more than \$500. Such a record should include the following information:

1. Name and description of the property.
2. Serial number or other identification number.
3. Original cost of the property (a reasonable estimate may be used if original cost is unknown).
4. Acquisition date.
5. Location of use.
6. Time and mode of disposal (when applicable).

If the ASB retains ownership of the equipment, it should ensure that the equipment is marked and identified as ASB equipment. In some colleges, the equipment marking is done with electronic bar coding. In addition, the ASB organization should maintain a list of all the equipment it owns, separate from the college's list. To ensure compliance with the Education Code, this list should include the information listed above and should be retained as a permanent record.

Once a year, the ASB bookkeeper should verify that all items on the ASB-owned equipment inventory list are still at the college. This is referred to as taking a physical inventory of the equipment. When equipment the ASB owns is sold or deemed obsolete, the ASB bookkeeper should credit the proceeds of the sale to the club that originally purchased the item and remove the item from the equipment inventory records. Accounts for all fixed assets will need to be set up in the student organization's accounting system. See the sections in [Chapter 4](#) titled "[Disposal or Sale of Equipment – Active, Inactive and Dissolving Clubs](#)," and the section titled "[Disposition of ASB Equipment](#)." Also see the section in [Chapter 8](#) titled, "[Disposal of Equipment/Inventory Without ASB Approval](#)."

Delivery of Goods

All purchases, including online orders, should be delivered only to the ASB advisor, bookkeeper, or other college-approved designee at the college warehouse or campus. Purchases should not be delivered to an employee's residence or other nonschool site such as an Amazon locker. When deliveries are not sent to the campus or college warehouse, the chain of custody of the purchase is weakened and there may be fewer internal controls to confirm that the purchase was properly received.

If the college chooses to allow alternative delivery options, those options should be defined as part of detailed board policies or administrative regulations. If allowed, alternative delivery options may be to a lock box such as an Amazon locker. The college business office should develop internal controls and procedures to ensure that alternative delivery options include a documented process to confirm what was received.

Equipment Donation

To: Sample College, Chief Financial Officer or Designee

From: Sample College Club

Subject: Transfer of equipment ownership to Sample College

The below items were purchased/received by the student organization for _____ College.

The governing board formally accepted the donation of the equipment on _____ Acceptance of this gift does not necessarily mean that the college will replace the item in the future if it is no longer working or is obsolete.

It is requested that, although ownership is transferred to _____ College, operational control and use be retained by the student organization, as administered by the administrator responsible for student services.

It is recognized that transfer of ownership transfers responsibility for maintenance and replacement, consistent with the priorities and practice of the college and in accordance with existing financial management guidelines and procedures.

The effective date of this transfer is: _____

Specific equipment transferred: _____

Name and description of the property: _____

Serial number or other identification number: _____

Original cost of the property
(a reasonable estimate may be used if original cost is unknown): _____

Acquisition date: _____

Location of use: _____

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Chapter 17 – Employees and Independent Contractors

In certain circumstances, an ASB may need to hire someone to perform a service on behalf of the students. For example, the ASB may need extra custodial help after a campus rally in the gym or a disc jockey for a dance. All of these individuals will need to be paid, so the question is, “What is the legal and proper method to compensate them?”

When people are paid to assist the ASB, they are compensated either as an employee or as an independent contractor/consultant (in education, independent contractors are often called consultants, so this manual uses the two terms interchangeably). The Internal Revenue Service (IRS) has regulations regarding when someone must be paid as an employee and when they must be paid as a consultant. The college business office and personnel department should also be available to help the students, the ASB advisor and the administrator responsible for student services determine on a case-by-case basis whether the individual hired is to be considered an employee or a consultant. This determination has important tax consequences. For employees, the college should withhold and pay federal and state income taxes, social security taxes, Medicare taxes, and federal unemployment tax, as well as report wages and issue statements to employees. For independent contractors, usually no withholding is required. This chapter includes the criteria for determining who is an employee and who is a consultant, the best method of payment, and federal reporting requirements.

ASB Employees

Because ASB organizations are legally part of the college, anyone hired to be an ASB employee is an employee of the college, with requirements for employability and immigration status, fingerprinting, oath of allegiance certifications, and collective bargaining agreements. Because the individual is an employee of the college, the college’s personnel department should be involved in the process from the beginning and can provide the best counsel and guidance in this area. This department should help the ASB with any personnel it is authorized to hire. Although the funding for the position might come from the ASB, all college policies, rules and regulations apply.

Good Business Practices for ASB Employee Payroll Management

All ASB employees, including substitute employees, are paid using the college’s normal payroll process. The individual fills out the standard time card used by other college employees who work in a similar capacity. This time card is processed with the regular college payroll. If it is a preapproved ASB expenditure, the business department then invoices the ASB for the cost of the salary and associated statutory benefits. The payroll department ensures that it obtains all the documents needed to pay the individual correctly and legally.

College Employee Performs Work for ASB

Sometimes ASB advisors think it is allowable to pay a college employee who performs work or extra duties for the ASB as an independent contractor/consultant. This is not allowed; such an individual must be paid as an employee through the payroll system regardless of the task they perform and even if the work performed is normally considered consultant work. For example, if

the campus secretary types the school play in the evenings for \$20 an hour or serves as a disc jockey at a dance, they must be paid through the college's payroll because they are already an employee of the college. In addition to deciding if this additional work is subject to overtime pay, the personnel department would determine if any collective bargaining parameters should be considered. Because the secretary is a college employee, the ASB may not write a check from ASB funds to pay for this additional work as they would in the case of a consultant.

The personnel department can also help determine whether college regulations, personnel commission rules, or collective bargaining provisions govern employees' choices to perform extra functions for the ASB.

Guidelines for Determining Employee vs. Consultant Status

In general, if a college has no written board policy, administrative regulations, or handbooks stating that all people working with ASB are paid as college employees, the IRS will look at the level of control the employer has in each case to determine whether an individual should be classified as an employee of the college or a consultant.

When making this determination, all information regarding the degree of control and independence must be considered. The general rule is that an individual is a consultant if the employer (the person for whom the services are performed) has the right to control or direct only the result of the work and not the means and methods of accomplishing the result. After considering all of the facts of the case, the greater the level of employer control, the more likely it is that the individual performing the work should be classified as an employee.

The following are guidelines for distinguishing between employee and consultant. If the answer to any of these questions is yes, then the ASB organization should classify the individual as an employee, and they should be paid using the college's payroll process.

1. Does the ASB organization give the person performing the work instructions for when, where and how to do the work? The following are all examples of types of decisions made about how work is to be performed. Consultants make these decisions independently; employees do not:
 - a. When and where to do the work.
 - b. What tools or equipment to use.
 - c. What assistants to hire to help with the work.
 - d. Where to purchase supplies and services.
 - e. What work must be performed by specified individuals.
 - f. What order or sequence to follow.
2. Does the ASB organization provide training for the individual? Consultants ordinarily use their own methods and thus do not require training.
3. Is the person working not in business to realize a profit or loss? A consultant can make a profit or loss; an employee would not.

4. Is the 'person's service a vital part of the ASB operations? If an individual provides services that are a key aspect of the regular business activity, it is more likely that the employer has the right to direct and control their activities, indicating an employer-employee relationship.
5. Does the person perform services for the ASB regularly and continually? If someone is working with the expectation that the relationship will continue indefinitely rather than for a specific project or period, this is generally considered evidence that the intent is to create an employer-employee relationship.
6. Is the individual guaranteed a regular wage amount per hour, week, or other period of time? Employees are usually guaranteed a regular wage per given period of time; consultants are usually paid a flat fee for a job.
7. Does the individual not make their services available to the market? Consultants usually are free to seek out business opportunities; they often advertise, maintain a visible business location, and are available to work in the market.
8. Is the person reimbursed for business and travel expenses? Contractors are more likely to have unreimbursed expenses than are employees.
9. Does the ASB provide the individual with equipment and tools? Contractors often provide their own and have a significant investment in the tools they use to perform services for someone else.

There are many gray areas when determining whether someone should be classified as an employee or a consultant. The costs to the college or ASB of incorrectly classifying someone as a consultant rather than an employee are significant and can include back employment taxes, retirement contributions, interest, and penalties. Thus, when in doubt, the default position should be to classify an individual as an employee.

The IRS website has several reference materials to help determine whether someone should be classified as an employee or a consultant. Publication 15-A, titled "Employer's Supplemental Tax Guide," covers this topic in detail.

The ABC Test

On April 30, 2018 the California Supreme Court ruled in *Dynamex Operations West, Inc. v. The Superior Court of Los Angeles County*, establishing stricter rules for employers to ensure that individuals are not misclassified as independent contractors and thus deprived of benefits to which employees are entitled.

In particular, the Supreme Court established a standard that presumes all workers are employees unless the employer can show the following (this is commonly called the ABC test):

- A. That the worker is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact.
- B. That the worker performs work that is outside the usual course of the hiring entity's business, regardless of where the work occurs.

- C. That the worker is customarily engaged in an independently established trade, occupation, or business of the same nature as the work performed for the hiring entity.

All three of these requirements need to be met for the presumption that a worker is an employee to be rebutted and for a court to recognize that a worker has been properly classified as an independent contractor.

As of this writing, the ABC test applies only to Industrial Welfare Commission wage orders, and although the court decision cited above did not include a ruling about whether the test would also apply to other laws regarding wages and hours of work, the ruling does make it significantly more challenging for entities to classify people as independent contractors rather than employees.

Consultants

If someone is not already an employee of the college, and if the ASB has determined that the person is legally considered a consultant/independent contractor under the IRS and state regulations (see above), there is an alternative method of payment.

Federal Tax Reporting Requirements for Consultants

If the ASB organization determines that it will pay the person as a consultant/independent contractor, the ASB bookkeeper should ensure that the individual completes a W-9 taxpayer identification form before they begin work, because it is much more difficult to obtain the needed information after payment has been made. The best practice is to never pay any consultant for any work performed unless the ASB bookkeeper has obtained a W-9 from the consultant, because the IRS penalty for not obtaining the required information is large. Receiving the information before payment helps avoid such penalties.

Good Business Practices for ASB Consultant Federal Tax Reporting

The IRS has many requirements for reporting payments to independent contractors, but ASB organizations are usually obligated by law to report student body fund payments by issuing Form 1099-NEC to any independent contractor who is paid a total of \$600 or more in a tax year for services, including parts and materials. If a college belongs to a multiple-college district, the district business office may issue 1099s on behalf of all colleges in the district. A single college that does not belong to a district of multiple colleges should issue its own 1099s. In either case, it is most efficient for the college business office to issue all 1099s.

The 1099s should include all payments throughout the entire college, not just at one campus. The best way to efficiently coordinate this is through the college business office as follows:

1. Each college campus ASB gives the business office documentation of how much they have paid independent contractors.
2. The business office compiles the payments to determine if the amount paid to any individual independent contractor has reached \$600.
3. All independent contractors whose combined payments are \$600 or more are then issued a 1099.

Summary of Payment Methods for Employee and Consultant

The following is a summary of how those performing work for ASB are paid after the ASB has determined whether they are employees or independent contractors. These costs should be approved in advance, just like all other ASB expenditures.

Employee Payment Procedures

1. The ASB preapproves the work to be performed; this includes signatures from authorized individuals.
2. The employee who will perform the ASB work completes all of the paperwork required by the college's personnel and payroll departments.
3. The personnel department helps the ASB organization determine the allowable hourly rate.
4. The employee fills out a time card for work performed for the ASB.
5. The administrator responsible for student services or the ASB advisor signs the time card, confirming that the hours reported on the card are correct.
6. The ASB bookkeeper turns the time card over to the payroll department, where it is processed with the next payroll.
7. The employee is paid.
8. The business office bills the ASB for the cost of the employee's salary and benefits.

Independent Contractor Payment Procedures

1. The ASB preapproves the work to be performed; this includes signatures from authorized individuals.
2. The ASB bookkeeper obtains the W-9 Taxpayer Identification form from the independent contractor before their work begins.
3. A contract between the independent contractor and the college is finalized.
4. The contractor submits an invoice to the ASB bookkeeper for payment.
5. The administrator responsible for student services or the ASB advisor signs the invoice, indicating that the work was completed satisfactorily.
6. The ASB bookkeeper pays the invoice.
7. By mid-January, the ASB bookkeeper provides the college business department with information about the amount paid to the independent contractor.
8. The college business department issues a 1099 tax form to the contractor by January 31.

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Chapter 18 – Cash Disbursement Management and Procedures

One of the main purposes of an ASB is to allow students to raise and spend money to promote the general welfare, morale, and educational experience of the student body. Expenditures of ASB funds are called disbursements. Chapter 14, Allowable and Questionable Expenses, provides guidance regarding the types of items usually considered allowable expenses from ASB funds. This chapter discusses how to ensure adequate internal controls for the disbursement of ASB funds.

Student money must be spent in accordance with sound internal controls, standard accounting practices, and board policy.

Internal Controls

In general, the internal controls over cash disbursements should ensure the following:

- All disbursements are for items that were included in the budget.
- All disbursements are for items preapproved for expenditure from ASB funds, supported by documents indicating the approval (e.g., purchase order).
- The ASB bookkeeper pays only for goods that were authorized and received.
- The ASB bookkeeper maintains adequate records of all expenses, including original detailed receipts.

Internal Controls for All ASBs

The following internal controls apply to all ASB cash disbursements:

1. Education Code (EC) 76063(e) states that all ASB expenditures must be preapproved. A purchase order is typically evidence of preapproval. Preapproval must be by three individuals: the student council/club representative, the ASB advisor, and the administrator responsible for student services or their designee. The ASB or club is not obligated to pay for the expenditure if preapproval was not obtained.
2. Students and employees should never pay for an expense out of cash collected from a fundraising event; all collected cash must remain intact for deposit. If a reimbursement or payment is required, a check can be issued for the expenditure(s). This ensures that the students and ASB bookkeeper can perform a complete reconciliation of the fundraising event and that a complete audit trail exists.

For example, if the students are holding a bake sale and they need to purchase extra napkins during the bake sale, they should not take money out of the cash collected that day to pay for the napkins. Instead, this type of situation should be anticipated in advance and a purchase order preapproved so an employee can acquire supplies, such as napkins, during the event. The employee may use their own money for the purchase, then submit the original purchase receipt with a request for reimbursement.

3. Approved signers for various forms and financial documents are determined locally. Approved signers are required for various purposes. Who may sign forms and financial

documents should be defined in governing board policies or administrative regulations, with consideration given to the needs and practices of the ASB, college administrators, and the college business office. Board policy or administrative regulations should indicate alternative signers when the authorized signer is absent.

4. The ASB bookkeeper may pay for a purchase with ASB funds only after the items have been received and only if the purchase has been preapproved by authorized individual(s).
5. The ASB bookkeeper must maintain the checkbook and all check stock in a secure place, preferably a safe, or, if that is not possible, in a locked, fireproof file cabinet.
6. The ASB bookkeeper should never allow checks to be signed in advance. Instead, backup signers should be approved in case the regular signers are not available. For example, if the administrator responsible for student services will be away from the college for a week or two, someone may ask for checks to be signed in advance. This request should not be granted. Instead, backup signers should be approved for the checking account. The backup for the administrator responsible for student services could be a college office official. And unless there is college policy limiting the number of backup bank account signers and who they may be, there may be as many as the college business office will allow. To ensure proper segregation of duties, the bookkeeper should not be a backup signer of ASB checks.
7. The ASB bookkeeper should never make a check out to cash or issue a check that lacks a payee name or amount. If cash is needed, an ASB petty cash fund should be established and available to reimburse an individual for preapproved expenditures. The petty cash fund will need to be replenished by issuing a check to a designated person, who will cash the check and reimburse the petty cash fund. If petty cash is replenished often, the individuals to whom petty cash checks are written may be rotated. A good practice is to write "Petty Cash Replenishment" or something similar in the check memo.
8. The ASB bookkeeper must use checks in sequence.
9. Personal or third-party checks should not be cashed from the ASB account.
10. Two signatures should be required on all checks, and all signers should be administrators (i.e. not students).
11. If a check is incorrect or is not issued, the bookkeeper should mark the check void. The bookkeeper should retain these checks in the checkbook to account for all checks in numerical order.
12. The ASB bookkeeper should maintain adequate records and an audit trail, including original detailed receipts of all expenses, per the college's retention policies.

Internal Controls for ASB Operations

The operations of ASBs at community colleges are usually complex and therefore require substantial internal controls. At colleges, the ASB bookkeeper will be responsible for keeping records for several different clubs. For example, the ASB bookkeeper at a typical college could maintain records for more than 50 clubs, writing checks for each club and ensuring that the amount is recorded as a deduction from the appropriate club account. The ASB is not obligated

to pay for an expenditure ordered by a faculty member, other employee, student, or other person who has not received approval using a purchase order prior to purchase.

The following are internal controls for community college ASBs:

1. The administrator responsible for student services needs to ensure that all club members, faculty, and advisors understand that they cannot obligate ASB funds until a preapproved purchase order is prepared and approved by the student club representative, faculty advisor, and administrator responsible for student services before the purchase. If a faculty member or other individual places an order or goes shopping for materials without a purchase order that has the authorized signatures, that individual may be held personally responsible for paying for the goods.
2. The college business office should implement standard ASB forms and procedures for all college campuses. This means that the same fundraiser approval form, revenue potential form, cash count form, ticket control form, budget form, purchase order form, budget carryover form and other such documents are to be used at each campus. Taking the best from all campus forms and creating a single set of forms to be used by all college campuses establishes continuity and allows for greater ease in cross-training. The same is true for standardizing procedures: each college ASB should be processing checks, deposits, fundraisers, and other items using the same procedures and forms. The forms in this manual can be used as a starting point if desired.
3. Each college campus should have a purchase order form to be completed before ordering goods for the various clubs and for employees who use their own funds to purchase items and then request reimbursement. The purchase order form shows that the proposed purchase has been preapproved by all of the designated employees and students. A sample purchase order form is provided at the end of this chapter. Some colleges use an expenditure approval form rather than a purchase order. This is acceptable if it has the correct preapproval signatures in compliance with EC 76063(e). A sample expenditure approval form is included at the end of this chapter.

Fraud Alert

When funds collected during an event are allowed to be used to purchase materials during the event, fraud perpetrators will simply keep the cash and thus reduce the amount of funds collected. Too often, no additional materials are purchased, and unsuspecting volunteers or students are so busy running the event that nobody misses the stolen funds.

Fraud Alert

Using the trusting nature of many involved in ASB business, fraud perpetrators will submit personal receipts for reimbursement from student funds. Trusting bookkeepers, advisors and others often overlook an individual they have known for a long time and will issue reimbursement, trusting the person's promise to provide supporting authorization the following day. The ASB is **not** obligated and **must not pay** for expenditures that are not authorized in advance using a properly signed purchase order.

Fraud Alert

When check stock is not safeguarded, even unsophisticated thieves know that they can simply copy a blank check and create their own duplicate check stock. For help copying check stock, organized fraud groups approach janitors, cleaning crews and other workers who have access and late night shifts. The original check stock remains and the fraud continues as the check information is transferred to check-printing software. Within a short time, checks totaling thousands of dollars are being presented at the ASB's bank. This type of fraud may go undetected until the next month's bank statement is received.

4. When the purchase orders are printed, they should be numbered or assigned a sequential number that is recorded in a purchase order log to track each document and transaction. ASBs with ASB accounting software that produces and prenumbers purchase orders may make multiple copies of the same form or use other procedures approved by the college business office. Regardless of whether software or a manual system is used, multiple copies of each purchase order should be prepared and distributed as follows:
 - The first copy is retained by the club requesting the goods.
 - The second copy is for the club or advisor to acknowledge the receipt of the goods. Whoever will physically receive the goods should keep this copy and, upon receipt, confirm its accuracy, note the date and time the goods were received, sign the copy, and forward it to the ASB bookkeeper.
 - The third copy is sent to the vendor (if applicable).
 - The fourth copy is retained by the ASB bookkeeper and attached to the receiving report when the ordered items are received.

5. At a minimum, the purchase order should include the following:
 - The name of the student club or organization requesting the materials. This is the group that the ASB bookkeeper will charge for the goods.
 - The name and address of the vendor, or of the employee making the purchase with their own money, who will request reimbursement.
 - The quantity and cost, and a description and the goods to be purchased. The requestor should also estimate the sales tax and shipping charges.
 - Three required signatures that meet the requirements for approval in EC 76063(e). These signatures must include a student representative, a board designee (administrator responsible for student services) and a certificated/faculty advisor. Because the purchase order has the three required approvals, the check only needs to have two signatures.

6. Before any club commits to purchase goods, it must prepare a purchase order and obtain all of the required approvals. This is the proof that EC 76063(e) was followed.

7. If the vendor will not accept a purchase order and requires payment by check, the purchase order form should be used as part of the process to request a check and to obtain and document prior

Fraud Alert

The following are fraud tips related to suppliers, vendors, contractors and others:

- Be aware of purchasing items from vendors who are farther away than other similar vendors. Often vendors provide kickbacks and special deals for those who bring business to them, and the ASB ends up paying a higher price.
- Reconcile paperwork for graduation cap and gown and other contractors that provide a volume discount or other discount at the end of the year. Sometimes the credit that they indicate they will provide on the closing year's document will not match the credit they show on the new year's opening document.
- Beware of vendors that resubmit previously used and paid invoices.
- Beware of bookkeeping that overloads or inflates expense accounts and/or advances. Typically the excess cash is diverted for personal use.

approval. A check request is different from a purchase order and will not suffice as prior approval; most check requests are completed after the purchase, not before.

8. The students submit the completed purchase order to the ASB bookkeeper after all approvals are obtained.
9. The students record the issuance and approval of the purchase order in the club's minutes. All purchase orders must be approved before a purchase is made, and the approval should be documented in the minutes. However, the meeting minutes showing approval are not required before the purchase is made. EC 76063(e) does not require the club's approval of the minutes before purchase but does require the approval of the purchase order by the three individuals). Nonetheless, approval in the club minutes is a good internal control to further document the students' decisions to approve the purchase.
10. The ASB bookkeeper verifies that the club has sufficient funds to pay for the purchase before the order is sent to the vendor or before the employee purchases items with their own money and subsequently requests reimbursement. If the club does not have enough funds, the bookkeeper should return the purchase order to the club with a request for a budget revision or a proposed fundraiser and revenue potential form that indicates how the item will be paid for.
11. Depending on the policy at the college, once the items are received, the ASB bookkeeper or the club advisor may open and formally receive the goods. The designated receiver will open the shipment and compare the shipped items to the packing slip. After all of the items have been compared to the packing slip, the receiver will sign the receiving copy of the purchase order.

Whoever receives the goods should give the ASB bookkeeper the signed receiving report (copy of the purchase order) and the packing slip.

12. When the ASB bookkeeper is ready to pay bills, usually once a week, the bookkeeper matches the original purchase order to the invoice and the receiving copy of the purchase order. When all three documents are matched, the ASB bookkeeper will prepare a check to pay the invoice. The students do not need to approve the invoice because they already preapproved the purchase order. Nevertheless, more internal controls may be added to the purchase process, such as students approving the invoice. Student approval of the invoice may slow the payment process; however, if the college business office considers it appropriate, it is allowable and should be added to the ASB bylaws.
13. Two signatures are required on all checks written from ASB funds. One signature is usually the administrator responsible for student services or designee, and the other is a college employee such as the ASB advisor or an employee from the business office. Students should never sign checks.
14. When the checks are presented for signatures, the ASB bookkeeper should also provide all of the documents for review. This allows the signers to review the invoices and purchase orders before signing the check.
15. After the check has both signatures, the ASB bookkeeper mails the check.
16. The check is then recorded in the accounting records for the club.

17. The invoice is marked paid, and the check number and date of issue are written on the invoice.
18. The ASB bookkeeper stores the paid invoices with the receiving report.
19. The invoice amount may be slightly more or less than the original purchase order. The college should have a policy regarding the amount by which a purchase order may be exceeded and still be paid without further approval. For example, such a policy could state that if the invoice exceeds the original purchase order by more than 10%, the ASB bookkeeper should obtain approval from the three individuals who approved the original purchase order. If the college does not have a policy, then the ASB cannot either. Most discrepancies will be from estimated tax or shipping costs. There should not be discrepancies in quantity or unit costs.
20. The ASB bookkeeper should maintain a list or log of all purchase orders issued, the dates when the goods or services were received, and the dates the invoices were paid. This allows the bookkeeper to easily determine if any goods have been ordered but not received, or if goods have been delivered but not processed for payment. Some financial information systems create such a log automatically.

Blanket or Open Purchase Orders

The ASB purchase order is the primary way to document preapproval of an expenditure. Local board policies, administrative regulations and procedures that dictate whether blanket or open purchase orders are allowable should be considered, as should the capabilities of the college or ASB financial or purchasing system. Blanket or open purchase orders typically cover a large range of items obtained over multiple purchases. Although an open or blanket purchase order may expedite ASB purchases, it may not comply with a system of good internal controls and could subvert the required preapproval process.

If board policy allows it, open or blanket purchase orders may be allowable; however, the following factors should be considered.

To operate both successfully and in accordance with statute, when ASB issues an open or blanket purchase order, it must provide enough details about the approved materials or services and about the associated ASB event. For example, it might be allowable for ASB to approve an open purchase order for a specific vendor for a specific expenditure, such as homecoming decorations, limiting the total expenditure amount without identifying the specific items to be purchased.

Preapproval of all expenditures is both a good internal control and a statutory requirement. Each ASB purchase must be approved in advance, and any purchase order issued as a result of that purchasing decision should, as stated above, include the following:

1. The name of the student club or organization that is requesting the materials. This is the group whose account the ASB bookkeeper will charge for the goods. The purpose of the expenditure should be disclosed, including the approved event for which the materials or services will be used.
2. The name and address of the vendor.

3. The quantity and cost of goods as well as a description. The requestor should also estimate the sales tax, shipping charges, and any insurance and other costs. In the case of a blanket or open purchase order, the very nature of the order means that this information may be sparse or lacking. However, the purchase order should at the very least contain a generic description of the items to be purchased and a lump sum amount.
4. Three signatures as required by EC 76063(e). This must include signatures from a student representative, a board designee (administrator responsible for student services), and a qualified faculty advisor.

Because an open or blanket purchase order may not allow for the level of detail found in item 3 above, it could make possible purchases that would not otherwise have been approved. Consequently, any ASB that is considering the use of open or blanket purchase orders should review existing board policies and administrative regulations and consult with the college business office to ensure compliance with college procedures and regulations.

Purchases That Span Fiscal Years

Two circumstances under which purchases can span fiscal years are as follows:

1. A purchase was approved in the minutes of the prior school and fiscal year, such as in May or June, but the purchase order has not been prepared and approved.
2. The purchase order was prepared and approved in the previous year but not used by the end of that fiscal year.

What to do in these situations depends on each college business office's purchasing policies and procedures.

In the first circumstance above, the purchase cannot continue because the students are no longer available to complete the required purchase order by approving it with the three required signatures.

In the second circumstance above, the unfinished purchase order may need to be encumbered as an obligation as of June 30th. Or the purchase and accompanying purchase order may need to be canceled and reapproved in the new fiscal year by three authorized individuals.

Typically, if the purchase cannot be completed by the end of the fiscal year, students will not benefit from the purchase in the year it was approved.

Internal Control Failures

Failure to follow established policies, procedures and legal requirements may increase the risk of fraudulent activity and exceptions identified during the annual audit. When a breakdown of internal controls occurs, such as failure to obtain preapproval for an ASB expenditure in accordance with Education Code provisions, the governing board or college leaders must determine how best to resolve the violation. Careful consideration should be given to the individual circumstances surrounding each occurrence. These considerations can vary widely; however, some important questions to answer include the following:

- Has the violation occurred in the past?

- Has the individual been involved in previous violations of a similar nature? If so, what corrective action was taken?
- What caused the individual(s) to violate established policies or procedures (e.g., lack of training or knowledge, inexperience, inadequate communication from the college about updated board policies and administrative regulations, intentional action)?
- Does the infraction violate board policy or administrative regulations, ASB governing documents (bylaws or constitution) or other established written policies and procedures?
- What other considerations may be relevant to the violation?

Depending on the answers to the above questions and other considerations, the college and ASB may ultimately determine that an isolated exception may be granted. Such an exception should require the approval of the administrator responsible for student services, ASB advisor, students, chief financial officer, and other college leaders as needed. Ideally, the college business office will establish a procedure for who determines how such violations will be handled.

The college and ASB should also act to prevent a recurrence of the violation(s). This could include implementing stronger internal controls, updating board policies and administrative regulations, increasing ASB training, ensuring more frequent oversight by the college business office, and consulting with the individual(s) involved to determine any necessary preventive measures needed. Documentation of any actions taken is also important to record the violation and help with handling similar issues in the future. This will also help the college's auditors understand the nature of the infraction and any actions taken to prevent a recurrence.

Using Credit and Debit Cards

The question of whether student groups and the ASB should use credit or debit cards depends on whether college board policy or procedure allows this, whether the college business office authorizes their use, and whether a strong process is in place to ensure that the cards are not used without preapproval. Using debit or credit cards to bypass the required preapproval is not allowed in an ASB, because a credit or debit card is simply another form of payment and the law about preapproval (EC 76063(e)) still applies.

If credit cards are permitted for an ASB, they should be issued and processed by the college business office, not by individual ASBs. A college should have policies specifying when credit cards can be used and if personal reward points are allowed or subject to any conditions. ASBs should not use debit cards.

Reward Points Earned on Personal Credit Card Use

It is common for advisors or others to make purchases on behalf of a club using a personal credit card. Many credit card companies offer reward points to the cardholder based on a monthly amount spent. Credit card points are incidental and typically result in insignificant amounts of earnings to the cardholder. Consequently, it is an industry-standard practice to allow a cardholder to retain the points earned. To demonstrate the most transparency, the college should ensure that its board policies or administrative regulations clearly either allow

or prohibit the use of personal credit cards that earn points for purchases on behalf of student organizations.

Other Purchase Methods

Many ASB purchases are made by advisors or others who use their own cash or check and are later reimbursed. In some instances, the person shopping may use other methods to make purchases on behalf of the ASB, such as personal gift cards, reward points, gift certificates, or Electronic Benefit Transfer (EBT). Use of these other payment methods requires the same approvals as any expenditure. However, these methods convert a noncash payment into cash through the ASB reimbursement process.

Paying for ASB purchases with EBT funds has additional state and federal considerations. EBT is a California state program through CalFresh that is also tied to the Federal Supplemental Nutrition Assistance Program (SNAP). Each EBT recipient may have different allowed uses of their card. Some EBT cards may be used for cash benefits and ATM withdrawals.

Paying with these other methods is not ideal but may be allowable when it is not prohibited by board policy, administrative regulations, or ASB bylaws. If it is allowable, the purchase order must clearly state that the payee will be reimbursed for use of their own gift cards, reward points, gift certificates, or EBT card.

The best practice is to include these types of allowances or prohibitions in board policy, administrative regulations, or ASB bylaws. If the college chooses to allow the use of EBT cards, it should also seek college legal counsel's recommendation.

Advance Payments

For cash disbursements for advance payments or advancing funds to students for activities, the ASB should follow college board policy and administrative regulations. The best practice is for the ASB bookkeeper to pay only for goods that have been authorized and received, and for advisors to plan ahead so that cash advances are not necessary. This is an industry standard, and it provides for the best internal controls. However, it may not always be possible. EC 76063(e) requires prior authorization but does not prohibit advance payment.

Advance Vendor Payments

Rather than assuming that advance payments to vendors is permitted, review board policy and the ASB constitution for guidance on this matter. Expenditures of ASB funds are always subject to any procedures established by the student body organization and to approval in advance pursuant to EC 76063(e).

Cash Advances to Students

It is not typically allowable to give students cash payments from ASB, regardless of how the funds will be used. The college and ASB lack any assurance that the funds will be spent for the intended purpose, meaning the payments may become a gift to a student.

Using meals as an example, although a fundraiser approval form may document the subsequent use of ASB funds as a cash advance to each participating student as allowable (if the use of the funds is preapproved), the best practice is for the ASB or club to issue to the advisor or meal provider/vendor a preapproved purchase order on behalf of all students in the

club for the meal or item they may need. This ensures the funds are spent on what they were raised for and that all students receive a similar benefit.

Thus, if board policies, administrative regulations, operating procedures established by the college business office, or the ASB constitution or bylaws allow payment in advance, one can follow their direction, and if the college has a policy regarding prepayment, one must follow it. If there is no written guidance regarding prepayment and a situation needs resolution, ask whether the vendor will accept a purchase order instead of a deposit or has a meal or prepaid plan students can use for their activity. It may help to remind the vendor that a purchase order is a contract between the vendor and the ASB for payment and that the college wishes to make sure the students receive the appropriate preapproved meal or other prepaid item. If that is not acceptable to them, contact the business office for guidance on how to proceed.

The business office may or may not allow the purchase to go forward. If the purchase does go forward, a legal contract may need to be prepared that provides terms for a refund of the prepayment in case of cancellation and ensures that a completed W-9 is provided to the college or ASB (if needed) before the prepayment/advance is made.

IRS forms W-9 and 1099

See [Chapter 17, Employees and Independent Contractors](#), which is applicable to consultants and many others who perform services for the ASB. Be prepared to ensure that consultants who qualify have returned a signed and fully completed W-9 to the ASB before any work is performed or any payment is made.

Sales and Use Tax

Overview

Sales and use taxes can present special difficulties for student body organizations, especially those that purchase many items from out of state or that run a student store. The likelihood of being audited has increased, and student body organizations need to be prepared for challenges. Effective preparation includes identifying and resolving issues and establishing adequate policies and procedures. Although this manual introduces and gives brief guidelines regarding sales and use tax, it is not intended to provide tax, legal, or accounting advice. A college business office should review all sales tax issues thoroughly with their auditor and/or legal counsel.

Typically, the college business office is responsible for aggregating all campuses' sales and use tax transactions. Ideally, each college in a community college district should not have its own sales tax identification number; however, depending how the district is set up, this can be the case. The college business office uses the college's sales tax identification number to file quarterly sales and use tax reports with the California Department of [Tax and Fee Administration](#) (CDTFA). Student organization bookkeepers must develop internal procedures to ensure that each campus reports sales and use tax transactions to the college business office for inclusion in the quarterly submissions to the CDTFA.

Tax Regulations

Requirements about when to collect sales tax at the time of sale are contained in the California State Code for Revenue and Taxation, section 6361 and in the CDTFA's Business Taxes, Tax Regulations 1597 and 1603.

These laws and regulations identify which organizations are to be considered a consumer and not a retailer and so must pay sales or use tax but do not need to collect sales tax. They also specify certain types of items (e.g. food) and types of sales (e.g., intermittent) that the organization is not generally required to collect sales tax for because they are considered a consumer rather than a retailer.

The rules and regulations regarding sales and use tax continue to evolve. Before determining if sales or use tax is required, a thorough review of Tax Regulations 1597, 1603, 6361, and the CDTFA's Publication 18, Nonprofit Organizations, is recommended. Publication 18 provides guidance on topics FCMAT believes are helpful for ASBs, boosters, and other nonprofit, school-connected organizations.

Sales Tax

State Revenue and Taxation Code (RTC) 6006 identifies what constitutes a sale and what is subject to state sales tax. RTC 6006(f) defines a sale as, "A transfer for a consideration of the title or possession of tangible personal property which has been produced, fabricated, or printed to the special order of the customer, or of any publication."

Sales tax is computed only on the end product being sold. It is not required on items purchased with the intent of contributing to a later final product; these are considered items for eventual resale. If vendors attempt to charge sales tax on items intended for resale, student organizations must obtain a seller's permit and show the vendors a resale certificate as proof of this permit to avoid paying the sales tax.

Items not intended to contribute to some future end product are considered consumed by their final purchaser, and sales tax is computed based on their full sales price.

Use Tax

Use tax is the tax applied to items purchased from outside the state for use in California (in which case no sales tax can be applied because of interstate commerce laws). The liability for the tax and the responsibility for remitting it to the state rest with the buyer.

- The use tax rate is always the same as the sales tax rate. Sales and use tax can never both apply; it is always one or the other.
- Items purchased for eventual resale can also be exempted from use tax using the seller's permit and resale certificate mentioned above.

Assembly Bill (AB) 155 (Chapter 313/2011), effective September 23, 2011, expanded the types of out-of-state retailers that are required to register with the California Department of Tax and Fee Administration (CDTFA) and to collect and remit sales tax on sales of tangible personal property to customers in California. As a result, more online retailers must register with CDTFA to collect tax.

If out-of-state retailers do not collect tax, or do not charge it because they assume that educational agencies do not have to pay it, school agencies are still required to report and pay the equivalent of sales tax, known as use tax. Because the CDTFA lacks a mechanism to track sales by out-of-state vendors' customers, school agencies should not submit the sales tax to an out-of-state vendor when it is not charged. Instead, they should include the purchase in the periodic sales tax report filed with CDTFA and pay the obligation directly. This ensures that the correct amount of sales tax is submitted to the CDTFA, with no fear of penalties for underpayment of sales tax.

The CDTFA's [Publication 18](#) has guidance about the taxability of sales by nonprofit organizations such as ASBs. This publication and additional information about sales tax are available on the [CDTFA website](#).

When California Sales or Use Tax Applies

- Goods or services are taxable according to CDTFA regulations.
- Delivery or acceptance took place in California, or goods were brought into California shortly after acceptance in another state.

When California Sales or Use Tax Does Not Apply

- Funds being used are nontaxable within the guidelines of a contract or award.
- Goods or services are tax-exempt.
- Items purchased are for resale.
- Title of equipment passes directly to the federal government.

Exceptions for Student Organizations:

- When yearbooks and other student-produced publications are sold, the state allows items purchased to produce these publications to be considered consumed, and thus releases the student organization from collecting sales tax when the final item is sold.
- For student-manufactured items that are not sold regularly, purchases intended to be used to produce or contribute to these products are considered consumed, and the final sale is released from tax collection.

Criteria for Exemption from Sales and Use Tax, Based on Regulations

- **Who:** Any youth group sponsored by or affiliated with a qualified educational institution.
- **What:** Sales of food products, nonalcoholic beverages, and other tangible personal property sold by nonprofit organizations on an irregular or intermittent basis.
- **When:** On an irregular or intermittent basis, provided the profits from such sales are used solely and exclusively to further the purpose of the organization.
- **Irregular or Intermittent:** Associated directly with particular events such as fairs, galas, parades, games, and similar activities. This includes refreshment stands or booths used at scheduled events of organized leagues, but it does not include storefront or mobile retail outlets, which would ordinarily require local business licenses.

- **Sales of Food Products, Nonalcoholic Beverages:** Sales of meals or food products for human consumption to students of a school by public or private schools, school entities, and student organizations, are exempt from tax.
- **Other Tangible Personal Property:** A qualified youth organization is the consumer and not the retailer of tangible personal property that is created by members of the organization and that is sold on an irregular or intermittent basis.
- **Additional:** Any public or private school, school district, college, county office of education, or student organization is a consumer of, not a retailer of, yearbooks and catalogs prepared for or by it and distributed to students.

By inference, this would not include items sold at the student store or elsewhere that are not intended for human consumption (unless the tangible personal property was actually made by members of the organization), because the sales do not qualify as irregular or intermittent.

The differences between sales tax and use tax and when to apply each can be a confusing topic. The section below titled, “[More Information](#)” includes links to additional sections of this manual with information on this topic.

Items Purchased – When Must Sales or Use Tax be Paid?

- **Items purchased for consumption (supplies, equipment, etc.).** For these items, colleges and student organizations are not exempt from sales or state use tax; state sales or use tax must be paid.
- **Items purchased for resale.** For items identified above that do not require the organization to collect sales tax when it sells them, the organization is considered a consumer and must pay the sales or use tax when it purchases the items. For items to which sales tax applies at the point of sale (tangible personal property not made by members, not sold at intermittent or irregular events), the organization is considered a retailer and so would not pay sales or use tax when it purchases the items but should present a valid resale certificate.

Procedures

Based on the above determinations, the following procedures are recommended:

- **Sales or use tax at point of purchase.** Based on the above categories of purchases, for all items for which sales tax (or use tax in cases of out-of-state vendors) is applicable, the tax must be paid. If the tax is included on an invoice, it should be paid to the vendor and the college would allow the vendor to remit the tax to the state. If tax is not included on an invoice, it should be recorded and added to the regular remittance of sales and use tax to the state. Student organization bookkeepers must develop internal procedures to ensure that each campus reports sales and use tax transactions to the college business office for inclusion in the districtwide quarterly sales and use tax submission to the CDTFA.
- **Sales tax at point of sale.** When sales tax is collected at the point of sale (for example, for nonfood items sold in the student store), it should be recorded and added to the regular remittance of sales and use tax to the state through the college business office.

- **Remittance.** Remittance should be made regularly (quarterly is recommended). The college business office will remit payments on behalf of the college, made payable directly to the California Department of Tax and Fee Administration, and the appropriate remittance forms will be used.
- **Tracking.** If the ASB accounting software cannot accept an accrual of taxes payable entry, all campuses with ASBs will need to manually track taxes owed but not remitted and manually add these to scheduled remittances to be sent to the college business office.

More Information

More information on sales and use tax rules and regulations is available from the CDTFA. Additional information on sales and use tax is available in Chapter 11, The Student Store, in the section titled Sales and Use Tax.

When considering and making decisions about whether or in which cases sales and use tax laws apply, it is best to contact the district business office for confirmation.

Purchase Order

Sample Purchase Order

College Name _____

School Address _____

City, State, ZIP _____

P.O. Number: _____ Date: _____

To:

Vendor Name
Vendor Address

Item Number	Description	Quantity	Unit Price	Total Amount
Requested By:	(Name of Person) (Name of Club)	Subtotal		
		+ estimated sales tax:		
		+ estimated shipping charges:		
		Total of this purchase order:		

Notice to the Vendor

Please mail the invoice to the address at the top of the purchase order, care of the ASB Bookkeeper. Please indicate the purchase order number on the invoice. If all below signatures have not been obtained, this purchase order is not valid.

Accounts to be Charged (this section must be completed before submittal to the ASB bookkeeper)

Club or Class: _____

Club Account(s) to be Charged: _____

Certification

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

We certify that this request has been approved by ASB or Student Council:

Club Advisor: _____
Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Verified by ASB Bookkeeper: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

Expenditure Approval

Sample Expenditure Approval

College Name

Address

City, State, ZIP

Date Requested: _____

Approval Number: _____

Club to be Charged: _____

Date of Event: _____

To:

Name of Employee to be Reimbursed
Employee Address

Item Number	Description	Quantity	Unit Price	Total Amount
Requested By: _____		Subtotal		
(Name of Person) (Name of Club)		+ estimated sales tax:		
		+ estimated shipping charges:		
		Total of this purchase:		

Important Reminder:
This Expenditure Approval form is not valid unless all signatures below have been obtained.

Accounts to be Charged (this section must be completed before submittal to the ASB Bookkeeper)

Club or Class: _____

Club Account(s) to be Charged: _____

Certification

Submitted and Approved by:

Student Club Representative: _____
Signature, Title and Date

We certify that this request has been approved by ASB or Student Council:

Club Advisor: _____
Signature, Title and Date

College Administrator: _____
Signature, Title and Date

Verified by ASB Bookkeeper: _____
Signature, Title and Date

Recorded in ASB Student Council Minutes on: _____
Date

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Chapter 19 – Cash Controls and Fraud

The reasons for and methods of fraud vary, but there is no doubt that fraud is occurring in ASB organizations. College ASB programs have the potential for fraud because cash is generated, the people assisting are trusting, and internal controls are often not implemented.

Regardless of an ASB's size, everyone must be aware of the three components required for fraud to occur: motive, opportunity, and access. These three components are often known as the fraud triangle, and all three must be present for fraud to occur. No program or person is immune to fraud. A person who is honest today can experience change or new circumstances that may make fraud an option for them tomorrow.

The purpose of internal controls is to protect individuals from situations in which all elements of the fraud triangle are present. Strong cash controls can limit the opportunity and access needed to commit fraud and prevent individuals from doing something they may otherwise never have considered. Implementing and following strong internal controls may also help protect innocent employees from being falsely accused of fraud.

If fraud does occur, strong cash controls may also help identify the suspect and help exclude from suspicion innocent individuals who may be wrongfully accused by the actual thief. Controls can also provide a document trail to quantify the loss and to limit ongoing losses.

While reading this chapter, consider who has the motive, opportunity and access required to commit fraud. And keep in mind that pressure can provide a motive, capability can create access, and the circumstances and mindset that allow a person to rationalize theft may arise when administering student funds.

The following sections of this chapter discuss the importance of cash controls.

Fundraising and Deposits

There are five main control points at which fraud may occur during ASB fundraising or events.

1. **During a fundraising event.** If no one is monitoring how funds are collected, safeguarded and accounted for during an event, cash stolen cannot be traced and people are often left wondering why the event raised less money than they thought it should have.

Without proper cash safeguards, allegations or suspicions of fraud can and often are made against students, an unsuspecting advisor, or an innocent volunteer.

Recommended Preventive Measure: Always monitor and safeguard cash collections during events, including having at least one witness present at all times.

2. **After the fundraising event but before the money is taken to the ASB bookkeeper.** A lack of cash controls that results in an advisor or volunteer counting the cash alone is problematic and should not be allowed. Cash should always be counted in the presence of at least one other person so that there are witnesses. Students may act as witnesses and help count funds but must always be supervised by an administrator.

For example, consider the possibility of a fundraising event at which people believe approximately \$2,000 was raised but the advisor counts the cash alone, without at least one other witness, and finds that only \$1,100 was raised. These funds are deposited.

However, later someone asks how much money was raised and is surprised that it was only \$1,100, then becomes suspicious. Questions and allegations follow, and the advisor's reputation is at stake with only their own word to defend how much was raised.

Cash controls are more for the employee or volunteer's protection than to catch a thief. Every year, many ASB advisors, volunteers, bookkeepers and others are accused of stealing cash. If an ASB does not enforce strong cash controls, these individuals' defense is limited to their word.

Recommended Preventive Measure: Money should never be counted alone. Always count money in the presence of at least one witness.

- 3. After the cash is counted but before it is taken to the ASB bookkeeper.** After a fundraiser, the cash is often not fully secured but instead is placed in an envelope, a desk, a locked file cabinet, or the trunk of an individual's car. Or the cash is counted properly with a witness and the cash count form is completed properly and signed, but the form is not duplicated, and the cash and form are then delivered to the ASB office by only one student or adult, thus creating an opportunity to remove cash on the way to the ASB office and alter the form. Proper procedures, including placing the cash and cash count form in a plastic tamper-evident bank bag, retaining duplicate cash count forms, and using escorts such as campus security to take the funds to a secure campus safe, are necessary to provide controls.

Cash stored in desk drawers or file cabinets is not secure and can be easily lost or stolen, sometimes after the person who placed it there forgets about it. These types of practices unnecessarily make everyone a potential suspect, thus placing honest individuals, including college employees and students, at risk of suspicion, rumors and accusations, simply because the money was not properly deposited with the ASB bookkeeper or stored safely in a secure, fireproof safe.

Without proper cash controls, the actual thief can also easily blame someone else for the theft.

For example, honest ASB club advisors, bookkeepers and volunteers have and continue to put cash in their car with good intentions only to have something else go wrong. Some of these honest individuals have put cash in their car, not gone directly to the bank, run another errand, then had the funds stolen at a car wash or store parking lot. Imagine this happening with \$10,000 from the sale of football game tickets. Some thieves have also put the cash in their car and left it there for weeks to see if anyone noticed the cash missing and/or to give themselves an increasing sense of ownership of the cash.

After the money is counted in the presence of one or more witnesses and the cash count form is completed and signed, individuals sometimes do not have or do not make multiple copies of the cash count form for their own records, but give the deposit and cash count form to another lone individual for delivery to the ASB bookkeeper. Subsequently, the bookkeeper receives a deposit that they count showing less than the individual who counted it remembers or wrote on the cash count form. The ASB bookkeeper, who also should have counted the funds with a witness, now notifies the advisor of the discrepancy. If the funds counted at the fundraiser were not sealed in a plastic tamper-evident bank bag, the advisor or the persons who transported the funds to the bookkeeper may be

accused of taking money from the deposit. This places the person carrying the deposit in a difficult situation, with no way to show that they delivered the same amount of funds as they received.

Unless the funds and a copy of the cash count form signed by at least one witness are placed in a sealed, tamper-evident bank bag, identifying where the internal control weakness is and who may be at fault becomes much more difficult.

Recommended Preventive Measures: Always use a cash count form, ticket control form, startup cash form, and all other necessary forms. Ensure the required forms are signed by the individual responsible for the cash and by at least one witness. If not using multicopy forms, make multiple copies of the completed form(s), and always keep at least one copy in a safe place, such as a locking file cabinet, separate from the copy sent with the deposit. Whenever possible, have at least two people transport a deposit to the campus safe. If one person must transport the deposit, it should be one of the individuals who counted the money. Each college must establish after-hours cash security procedures so cash and checks can be stored safely in a tamper-evident bank bag in the college safe until the amounts can be counted or verified with the college bookkeeper and another witness. The ASB bookkeeper's witness may also be anyone, including a student or even one of the same witnesses who counted the funds at the fundraiser.

4. **After the deposit reaches the ASB bookkeeper.** Trusting a helpful ASB bookkeeper, some individuals send the bookkeeper their only copy of the cash count form and do not count the cash again with the ASB bookkeeper. In other cases, the ASB bookkeeper is absent, so individuals simply leave the deposit on the bookkeeper's desk.

Eliminating fundamental controls allows a dishonest ASB bookkeeper or an opportunist unchecked control of the deposit. The ASB bookkeeper can swap cash and checks within multiple deposits and take cash, or take as much of the cash deposit they want and change the amounts on the cash count form, or take all of the money and say they never received it. Without documentation to show the chain of custody, there is little or no recourse.

A common scheme for dishonest ASB bookkeepers is to take a deposit that is part cash and part checks (e.g., \$400 in cash and \$550 in checks) and wait for another cash deposit equal to or greater than the amount of the first deposit that was checks (\$550), then swap the check deposit with the same amount of the later cash deposit. Dishonest bookkeepers will continue swapping checks for cash until they find a trusting club advisor who does not keep their cash count forms or check their club account reports, then start shorting that club's deposits.

Neglecting to have a witness count the money with the ASB bookkeeper can also leave an honest ASB bookkeeper open to accusations of theft or fraud. An ASB bookkeeper may be trusting enough to accept a deposit even if the advisor or other individuals are too busy to count the money with them. If there is a difference in the deposit because of an error caused by fatigue or haste on the part of the depositor, because the ASB bookkeeper has no witness, it may look as though the bookkeeper committed fraud even though they did not. For example, if the depositor, even though fatigued at the time, is sure they deposited \$2,520, but the ASB bookkeeper counted \$2,250, there is no way

to prove or disprove this. The ASB bookkeeper is left with no alibi, no witnesses, and no help.

Recommended Preventive Measures: Locking bank bags are acceptable and better than less secure methods. However, the best method for storing and transporting of cash is in a prenumbered, tamper-evident bank bag. At each step of counting cash, such as at the fundraiser and then when the bookkeeper again counts the cash, a tamper-evident bank bag should be used to secure the cash. This means at least two plastic tamper-evident bank bags will be used.

Always keep a copy of the completed and signed cash count form and other required forms. Always count the cash again in the presence of the ASB bookkeeper and document this second count. Students may help count at the fundraiser and/or with the ASB bookkeeper as long as they are always supervised by an administrator. When the cash and checks are retrieved from the safe, the ASB bookkeeper should issue a receipt for the cash and checks, but only after the two individuals (the advisor and the bookkeeper or one or more other witnesses) have counted the dollar amount together and recorded that amount on the receipt. If the advisor is not able to count the funds with the bookkeeper, an alternate individual must do so; the bookkeeper should never count funds alone.

5. **When receiving startup cash for change.** Some events require a cash box containing startup cash to make change.

For example, if the ASB bookkeeper has the person sign a form that acknowledges receipt of the startup cash for change and shows the amount (e.g., \$400) but does not require them to count the money at that time in their presence, the person could end up with less money than stated on the form (e.g., \$300) and as a result be blamed for the difference. Or the club may never know they were shorted \$100, and their fundraising ends up subsidizing undiscovered error or theft.

If the ASB bookkeeper places startup money in the cash box but fails to document it with a cash count form that indicates the amount of startup cash and is signed by both parties, and cash is subsequently stolen or miscounted for any reason, or the individual receiving the startup funds incorrectly identifies a smaller amount than was actually provided, the club will receive less revenue than expected.

A startup cash log should be used, and everyone who receives startup cash should be required to sign it signifying that they have counted the startup cash together with the ASB bookkeeper and that they agree regarding the amount. Failure to keep such a log creates the potential for simple errors that can result in allegations of wrongdoing.

Recommended Preventive Measures: Always have both the ASB bookkeeper and the person receiving the startup cash count the money, and document this count with signatures indicating agreement regarding the amount.

Checks, Reimbursements and Advances

People often think fraud cannot occur with checks, reimbursements and advances because they require multiple signatures, receipts or other verification. However, this is not the case.

Checks

Checks are written to pay for services and purchases. Fraudulent vendors and services with credible-looking invoices and business names can present invoices for payment. Checks can be altered by removing the legitimate payee's name and inserting another. These are common types of fraud.

Fraudulent Vendors

When cash controls and authorization procedures are weak or nonexistent, an unauthorized vendor can be added to the payee lists, fictitious invoices for products or services can be created, and money can be siphoned from clubs or the general ASB account.

The purchase order, authorization and disbursement processes discussed in this manual are designed to provide step-by-step procedures for properly documenting cash disbursements. These procedures help prevent fraud and financial errors.

Check Altering

In more sophisticated check-altering schemes, someone will obtain the proper authorizations and purchase orders for a check, then the club advisor, ASB bookkeeper, or any other person in control of the check will remove the payee's name and insert their own or that of a vendor they control.

Typically, banks include electronic copies of checks with the account statement rather than the original checks. These smaller copies of the original checks (front and back) are usually listed as the last few pages of the bank statement. Extra care must be used to confirm that the payee on the check is the same as that listed on the check register. Confirming who endorsed a check helps establish the chain of custody. If the ASB bank statement does not contain copies of the canceled checks, those responsible for ASB finances should immediately discuss with the bank how to get copies. Comparing the bank-provided canceled (i.e., cashed) check payees and amounts with the ASB bookkeeping records is a major internal control and preventive measure. If the ASB is told that the bank does not provide canceled checks in some form, consult with the college business office and ask to change to another bank.

When original checks are returned with bank statements, there is the opportunity for a perpetrator who has sole custody of the returned checks to alter the checks again to restore the original payee's name and thus avoid detection of the prior check-altering fraud. Most banks do not return original checks; rather, they print smaller versions of the front and back of checks in the bank statement. If original checks are being returned by the bank instead of copies as part of the bank statement, greater scrutiny should be exercised in reviewing checks to determine if they are altered.

If it is not cost effective to create a separation of duties for the bank statement reconciliation process, the college administrator, ASB advisor, or college business office should examine the returned checks to look for fading and other signs that the payee has been altered. The digital copies of checks printed in the bank statement should also be compared to the cleared check register periodically, and the endorsements on the reverse side of the checks should be verified.

Reimbursements

Every receipt and every line item of each reimbursement must be confirmed. Copies of receipts are not sufficient; original receipts should be presented for reimbursement whenever possible. If there is no policy requiring original receipts for reimbursements, one should be developed.

Missing Receipts

In rare instances, after an expenditure receives written preapproval, the receipt for a purchase may be lost or unobtainable. When this occurs, board policies or administrative regulations should determine when such a transaction qualifies for reimbursement. For example, a college may allow reimbursement with a written explanation or affidavit from the purchasing individual if the explanation includes a description of the item(s), where and why the item(s) were purchased, how many items were purchased, the per-unit and total cost, and an explanation of why a receipt could not be obtained or was lost. A corresponding bank statement, credit card statement, or other document showing the amount paid may also be required.

Potential for Fraud

With reimbursements, two types of fraud can occur: the person receiving the reimbursement can falsify the reimbursement; or the amount of reimbursement can be altered and cash stolen.

The most typical type of ASB reimbursement theft involves attempts to have the ASB pay for something that is unauthorized.

Because altering reimbursements is not common and requires some time and planning, this type of fraud is usually perpetrated by the ASB bookkeeper, an administrator, or someone with access to ASB petty cash, the ASB accounting software, and the completed reimbursement form. The perpetrator typically does the following:

- Pulls the completed reimbursement form from the payee file, adds expenses that do not have documentation, and increases the cash advance.
- Pockets the amount of the cash increase and alters the accounting records to agree with the new larger cash advance total.

Advances

As is the case with all cash transactions, cash advances attract more fraudulent activity than noncash advances such as those via check. Cash advances should occur in ASB only if they are authorized by college policy or administrative regulations. College policy and ASB policy should be the same.

The opportunity for theft exists when advances are not documented with signatures, initials are not required next to a line item on the reimbursement form, and an advance log does not require signatures.

To safeguard against cash advance fraud and protect innocent parties, write the cash advance amount on at least two separate documents, and have the recipient sign both documents and initial the cash advance amount. This makes it more difficult for a potential perpetrator to alter the cash advance amount and protects the ASB bookkeeper from allegations that they issued a different cash advance amount.

Fictitious Advances

Another common cash advance fraud is a fictitious cash advance. Although completely false, a fictitious cash advance may have documentation and is usually booked to an unsuspecting club advisor who does not check their club's monthly financial report. For example, a dishonest ASB bookkeeper could take \$60 from cash and record it as an advance or a petty cash expense for a certain club. If the club advisor does not check the club's financial report monthly, they are unlikely to remember or recognize that the \$60 advance was not used for club purposes. This is particularly true for relatively small amounts such as in the example, especially when there are numerous transactions.

ASB Financial Reports

ASB financial reports and club reports may not be perceived as cash control measures, but they are. The financial report prepared for a club lists in detail all of the club's transactions and is thus an historical account of the club's financial activities.

Club advisors should receive a detailed monthly transaction report for the club that shows at least the deposits, checks, journal entries, transfers, and memos or notes of the club's financial transactions. Club advisors should keep duplicate cash count forms, club minutes, copies of purchase orders, and other paperwork. This enables them to do the following:

- Compare the deposit amounts on the cash count forms with the financial report for the club to verify that the club's deposits are accounted for correctly. If there is a discrepancy, the advisor who has kept duplicate paperwork can identify discrepancies, question them, and be part of the solution.

A difference or discrepancy does not necessarily indicate fraud. A deposit may simply have been miscoded to another club's account, which can be corrected.

Failure to review financial reports monthly makes it difficult to detect errors or fraud. It is far more difficult to review in detail hundreds of transactions or more at the end of a year than to review a much smaller number each month.

Club advisors who do not keep copies of deposit records, cash count forms and other paperwork will have few options and no documentation against which to compare the club's financial report and detect errors. Failure to keep these types of supporting financial documents also gives a dishonest ASB bookkeeper the opportunity to commit fraud.

- Review the transfers and/or journal entries in the club's financial report. All transfers and journal entries should have been approved before being entered in the club account. Note and question any transfers or journal entries that are not readily recognizable.

One of the most common but less sophisticated frauds is to write off deposit amounts as transfers or journal entry errors during the bank reconciliation process.

Another common fraud is to shift forged or altered checks or shorted deposits between club accounts. Club advisors who do not reconcile their clubs' financial reports and do not question the ASB bookkeeper about discrepancies create the opportunity for this type of fraud.

If only some advisors review and question transactions, a dishonest ASB bookkeeper or other individual who has access to the ASB software can often continue to commit fraud without detection simply by moving the questioned transactions to the account of another club with an advisor who does not ask questions. If all club advisors retain backup documentation and scrutinize their clubs' financial reports, the opportunity for fraud decreases and the chance of detecting it increases.

Reviewing and questioning financial reports and activities also protects every honest ASB bookkeeper. In some cases, a person other than the ASB bookkeeper may have gained access to the ASB accounting software, cash deposits and checks. For example, the ASB bookkeeper may be on vacation or may have inadvertently allowed someone to see the accounting software password or safe combination. In these types of situations, timely reporting of financial discrepancies to the ASB bookkeeper enables them to determine when the discrepancy occurred. Because ASB bookkeepers typically record thousands of transactions per year, the sooner an irregularity is discovered the better the chances of someone remembering what occurred and being able to resolve the error.

- Review and compare the checks, reimbursements and advances in the financial report for the club with records of financial and other activity, and note and question any disbursement transactions that are not readily recognizable.

Not all discrepancies are the result of fraud; some may simply be the result of incorrect coding that attributes an expense to the wrong club, leaving one club with fewer funds than it should have.

Reviewing records in a timely manner is vital. Waiting several months or more can allow an error or fraudulent transactions to remain undetected among many other similar transactions.

Club Advisors' Copies of Financial Documents

Club advisors should keep all copies of every club-related record in their possession. Records retention is discussed in [Chapter 5](#).

Diligent retention of cash count forms, ticket control forms, fundraiser approval forms, copies of receipts, revenue potentials, budgets, purchase orders, minutes and other documents provides vital evidence in the event of fraud, improper spending, allegations of improper club administration, and even catastrophe.

Because perpetrators of fraud will often destroy any records they have access to, the records a club advisor or ASB bookkeeper retains may be the only source from which it is possible to reconstruct events and determine the amount and probable location of any missing funds. Thus, they serve as protection for the honest advisor and the ASB bookkeeper and help ensure the public trust when allegations arise.

For example, a volunteer or student who wrongfully accuses a club advisor may not know the details of how an ASB club is run, but the advisor's detailed copies of records that reconcile with those of the ASB bookkeeper may demonstrate accuracy and reliability and thus restore confidence. Inadequate records, on the other hand, will invite skepticism and may require further investigation in such situations.

Club advisors should retain records according to their college's record retention policies. Most fraud investigations review the last one to four years of records, but some have investigated as many as 10 years of records.

The cash controls discussed in this chapter and throughout this manual are designed to help protect all innocent parties from allegations of fraud, and to help identify who has committed fraud. Those who commit fraud depend on poor internal controls and the ability to gain the confidence of those they work with to accomplish the theft.

For everyone's protection, do the following:

- Never leave money unattended.
- Always count all money at every stage of custody with at least one witness.
- When possible, have at least two people transport deposits.
- Always sign and initial and have a witness sign and initial documentation in all required places, indicating the status and amount of money that the two signers counted. If a form does not have a space to initial, then sign somewhere on the form near the amount witnessed.
- Always retain duplicate cash count forms for the club's records.
- Always protect the ASB bookkeeper by counting cash with them and obtaining signatures attesting that the cash counts match.
- Safeguard user identities, passwords, combinations and other access controls to computers and safes.
- Verify bank reconciliations, canceled/cleared checks, and check endorsements.
- Obtain proper authorizations for all transactions, including journal entries, transfers, reimbursements and advances.
- Always compare the advisor's copies of club transactions with the financial report for the club.
- Ensure that all club advisors retain club-related records in accordance with college policy.
- Ensure that the ASB bookkeeper has the authority and ability to say no when needed. The ASB bookkeeper should never be afraid to refuse an incorrect deposit or improper authorization for disbursement.

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Chapter 20 – School-Connected Organizations

School-connected organizations such as booster clubs, foundations, auxiliary organizations, and other similar organizations are composed of community members, parents of students, and employees, who join together to support specific college activities for the students' benefit. They serve an important function by connecting the college community with the students' curricular and extracurricular activities, and most colleges welcome and encourage community interest and participation. This manual will use the term "school-connected organization" to refer to booster clubs, foundations and other similar entities unless stated otherwise, such as with auxiliary organizations.

School-connected organizations are popular in community colleges and are usually run by supporters of athletic programs and visual and performing arts programs. Fundraisers are often held to raise money for student trips or for supplies or equipment the students may need. Although not all school-connected organizations are nonprofits under section 501(c)(3) of the Internal Revenue Code, the benefits of this status include exemption from federal income tax and eligibility to receive tax-deductible charitable contributions.

However, being exempt from paying income tax does not automatically exempt ASB and school-connected organizations from sales or use tax. Additional information about sales and use tax is available in [Chapter 3 – Laws and Regulations](#), in the section titled, "[Tax-Exempt Status and Donations](#)," [Chapter 11 – The Student Store](#) in the section titled, "[Sales and Use Tax](#)," and [Chapter 18 – Cash Disbursement Management and Procedures](#), in the section titled, "[Sales and Use Tax](#)." Additional information about sales and use tax is also discussed in this chapter below.

Nonprofit 501(c)(3) organizations, including booster clubs formed as such, may not discriminate in making grants to college students on the basis of the student's or their family's membership in or funding to the organization, or the student or student's family's fundraising for the organization or time devoted to the organization's activities.

The most common types of 501(c)(3) organizations are charitable, educational, and religious. Educational organizations include the following:

- Schools, such as a college or a professional or trade school.
- Organizations that conduct public discussion groups, forums, panels, lectures, or similar programs.
- Organizations that present a course of instruction by correspondence or through the use of television, radio, or online.
- Museums, zoos, planetariums, symphony orchestras, and similar organizations.
- Nonprofit daycare centers.
- Youth sports organizations.

Purpose of School-Connected Organizations

School-connected organizations are organized with many purposes in mind. School-connected organizations such as booster clubs and foundations are typically organized to help with and support college activities such as athletic teams or programs, the arts, field trips, debate teams, or musical groups. School-connected organizations are separate from a college, and their primary role should be to enrich students' participation in curricular and extracurricular activities.

In general, school-connected organizations provide financial support and/or direct assistance in some form to help achieve goals shared with college programs. School-connected organizations have many purposes, which may include but are not limited to the following:

- Assisting others:
 - Helping an administrator responsible for student services, faculty advisor, sports coach, or other college employee with student activities.
 - Helping students by providing scholarships.
 - Purchasing supplies for the college.
 - Helping with funds for campus activities and field trips.
- Specific activities connected to students and administrators:
 - Sports programs.
 - Field trips.
 - Performing arts.
 - Debate teams.
 - Language programs.

Student Participation

The relationship between student organizations and school-connected organizations is often confusing. Student organizations such as ASB clubs are legally considered a part of the college. For this reason, they are included in the college's annual audit and have the benefit of the college's tax-exempt status under the Internal Revenue Code. All activities and fundraising events where students primarily participate should be conducted through the ASB. This includes all student performances where gate receipts are received and all student-conducted fundraisers. When the college's governing board has a designee, typically the administrator responsible for student services, the designee typically determines if students are allowed to participate in fundraising for a school-connected organization. Some colleges require that if students participate in fundraising for a school-connected organization all proceeds go directly to the college or ASB.

College students who are 18 years old are considered adults; however, because the college has responsibility for oversight of ASB activities and the students involved with those activities, when a school-connected organization is considering activities with or for the ASB, the college should establish board policies or administrative regulations allowing or prohibiting student participation with school-connected organizations, either with or without administrative

supervision. Community college board policies and administrative regulations should define all boundaries between school-connected organizations and the ASB.

School-Connected Organizations Supplement College Programs

School-connected organizations should supplement college programs and should conduct activities and fundraising events where community members are the main participants. Funds raised by these organizations are to be used to support programs; however, no student should be required to raise funds to participate in college programs and events. School-connected organizations may raise funds and donate those funds to the community college district or college campus or ASB, or purchase items with their funds for donation or assistance to the college campus or ASB. However, a school-connected organization is always separate from the college with which it is associated, is not legally considered a part of the college, and is not included in the college's annual audit.

Fundraising Activities Approved by the Governing Board or Board Designee

Education Code (EC) 76062 allows the governing board to authorize student body organizations to conduct fundraising activities. This section of the law also makes it clear that the governing board or its designee is responsible for approving all fundraising activities, not just ASB fundraisers. This includes fundraisers conducted at the college by school-connected organizations. To ensure transparency, school-connected organizations should request approval for all fundraisers, not just those at the college, because school-connected organizations are raising funds for the college's students and programs. But at a minimum, the governing board or designee should be responsible for approving all fundraising activities at campuses, and board policies and administrative regulations should be established to further define fundraising parameters for school-connected organizations and the ASB.

To facilitate the timing and approval of fundraisers and ensure that conflicts do not exist between school-connected organization and ASB fundraisers, all proposed fundraisers should be submitted in writing using a fundraiser approval form. All proposed fundraisers must be submitted to the college governing board for approval unless the board has designated the college president or, as in most cases, another administrator such as the administrator responsible for student services, to approve fundraisers.

Fundraising activities should be conducted not simply to raise money for the organization but for a specific goal that aligns with the organization's established charitable purpose and with college board policies and administrative regulations. All fundraising activities conducted on college campuses must adhere to the guidelines established by the college governing board, each college's individual guidelines, and those noted in [Chapter 8](#).

Only organizations that have scheduled fundraising activities and have obtained prior written approval from the college's board designee are authorized to conduct such activities on college campuses.

Activities are Authorized by the College

School-connected organizations are not governed by the Education Code, but they do not have unrestricted access to colleges and students. The college governing board and administration have, and must maintain, exclusive control and management of the college they serve. EC 82542 grants the governing board of a community college the authority to charge nonprofit organizations for the use of college facilities or grounds. Therefore, by extension, the college board can require that any school-connected organization and/or activity be authorized by law and permitted by board policy or administrative regulations.

Some organizations are established as nonprofit corporations with a separate tax-exempt status. However, many school-connected organizations have not applied for or received nonprofit status and do not have their own tax identification number, so it should not be assumed that they are all official groups in the eyes of the Internal Revenue Service (IRS) or State of California. Each college should determine and state in board policy or administrative regulations whether a school-connected organization must be an IRS-approved nonprofit organization, IRS- and state-approved, only state-approved, or how entities that are not federal- or state-approved nonprofit organizations should be allowed to operate and support the college.

Priority Fundraiser Status

School-connected organizations may have existing traditions that they believe give them rights to conduct various fundraisers that support the college. The budgeting process and college campus preapproval of fundraisers are designed to limit or eliminate competition between clubs and school-connected organizations. Fundraising opportunities should be approved on a first-come, first-served basis unless college board policy or administrative regulations state otherwise. However, some school-connected organizations may have longstanding traditions of holding certain fundraising activities at the college. If such priority fundraiser status is allowed, these specific fundraisers should be identified and approved as such. The best practice for approving any priority ranking of fundraisers, as well as what to do when a school-connected organization is inactive or how priority status may be removed or withdrawn, is to add these specific circumstances to one or more of the following:

- College board policy and/or administrative regulations.
- Board-approved ASB or school-connected organization manuals or handbooks.
- List of allowable and prohibited ASB and school-connected organization transactions and activities.

Resources Should Not be Commingled

School-connected organization funds and college funds, including ASB funds, must never be commingled. School-connected organizations and the college should remain separate, including in the following ways:

1. The school-connected organization should not have its mail or correspondence sent to the college.
2. The school-connected organization's name, address or correspondence should never imply any form of responsibility on the part of the ASB or college.

3. The college's tax-exempt status and identification number are **not** for use by any school-connected organizations or any other nonschool organizations or groups.
4. School-connected organizations are responsible for their own tax status, accounting, internal controls, financial and governmental reporting, retention of records, and all other operations, separate from the college and ASB.
5. If a school-connected organization is interested in using the name or part of the name of the college as part of its name, it should request permission from the college and, if granted, the permission should be in writing.

Separate Bank Account(s)

Because student organizations operate under the college's tax-exempt status, the funds deposited in bank accounts are not subject to state or federal taxes. For this reason, the funds raised by school-connected organizations should not be deposited into or commingled with the student organization's or the college's funds or bank accounts; rather, they should be deposited into the school-connected organization's bank account. School-connected organizations may donate funds to the student organization; however, after they do so the funds become public monies, only the student organization can control how the funds will be used, and all college policies and procedures will apply. A student organization's account cannot be used as a pass-through account for any school-connected organizations. Any funds deposited into the ASB accounts become the ASB's, and the students will use and approve the use of those funds.

There is no requirement that school-connected organizations have a corresponding ASB club. A school-connected organization may donate directly to the general ASB, to any ASB club, to the college, or to a program of the college. The important thing is that the donation made by the school-connected organization is accepted and spent for the purpose for which the funds were raised and according to the college's guidelines.

Because school-connected organizations are responsible for their own tax status and accounting, they may not use the college's tax-exempt status or open bank accounts using the college's tax identification number. To avoid the appearance of college sponsorship, college employees should not act as officers of school-connected organizations or nonstudent- or noncollege-sponsored clubs.

Organizations or clubs formed by faculty and/or other employees of a college are also not a part of the ASB or the college and may not use the college's tax identification number or deposit funds into the ASB account or college bank accounts.

All school-connected organizations structured to support or help a college or program should be authorized by the college's governing board, and their activities should be approved by the administrator responsible for student services or college board designee.

Auxiliary Organizations

Auxiliary organizations typically have limited interaction with or support of ASBs. Nevertheless, auxiliary organizations may, at the direction of the college, assist with support services or specialized programs, which may include involvement with the ASB. It is essential to understand how school-connected organizations may interact with the ASB and how important

board policies and administrative regulations are in establishing how all entities interact with ASB. This knowledge enables the college to provide information an auxiliary organization and the ASB should consider.

If a college forms an auxiliary organization, different rules and guidelines apply, including those in EC 72670-72682. Auxiliary organizations typically provide support services and specialized programs for the general benefit of the college. The following are some of the characteristics of auxiliary organizations:

- Auxiliary organizations are usually composed of directors and trustees appointed or nominated by the college.
- They may enter into joint powers agreements.
- They are audited annually by an independent certified public accountant.
- All expenditures and operations are in accordance with policies and regulations of the college governing board.
- The accounting procedures are comparable to those established in EC 89900 and include providing salaries, working conditions, and benefits for full-time employees of the auxiliary.
- An auxiliary organization conducts its business in public meetings.

Education Code Title 3, Division 7, Part 45, Chapter 6, Article 7, The Richard McKee Transparency Act of 2011, includes EC 72690 - 72701. EC 72699 within Article 7 describes the many required disclosures an auxiliary organization must make, such those regarding donors and their donations, volunteers and their services, legal proceedings, auditors conducting an audit, and bank and other similar financial institutions. EC 72690(c) states, “The auxiliary organizations of a governing board of a community college district and of the Board of Governors of the California Community Colleges are legally separate from the California Community Colleges.”

An auxiliary organization can include the following types of groups as defined in EC 72670:

- (a) Any entity in which any official of a community college district participates as a director as part of his or her official position.
- (b) Any entity formed or operating pursuant to Article 4 (commencing with Section 76060) of Chapter 1 of Part 47.
- (c) Any entity which operates a commercial service for the benefit of a community college or district on a campus or other property of the district.
- (d) Any entity whose governing instrument provides in substance both of the following:
 - (1) Its purpose is to promote or assist a community college or district, or to receive gifts, property and funds to be used for the benefit of the community college or district or any person or organization having an official relationship therewith.
 - (2) Any of its directors, governors, or trustees are either appointed or nominated by, or subject to, the approval of the governing board of the district, an official of

the district, or selected, ex officio, from the membership of the student body or the faculty or the governing board or the administrative staff of the district.

- (e) Any entity which is designated as an auxiliary organization by the district governing board.

Regulations Governing School-Connected Organizations

Because school-connected organizations are separate from the college, they are not under the control of, nor are they the responsibility of, the college governing board, college president, or the administrator responsible for student services. Their funds are not controlled by the college or students, nor should they be involved in administering or supervising the activities of student organizations.

College governing boards should approve guidelines for school-connected organizations to follow that include which fundraising activities are allowed.

The college's board designee is typically the vice president of student services or dean of student services. College board designees are often granted the authority to also name a designee to administer and oversee school-connected organizations.

To properly administer and oversee school-connected organizations, a community college should adopt board policy and regulations that tell school-connected organizations where to submit college-required information (e.g., to the college business office or the college board designee/administrator) and should require all school-connected organizations to do the following:

- Complete and file an application to form a school-connected organization that includes at least the following information:
 - The name of the organization.
 - The date of application.
 - Bylaws, rules, and procedures under which the organization will operate.
 - The names, addresses and phone numbers of all officers.
 - A brief description of the organization's purpose.
 - A list of specific annual objectives.
 - Agreement that the group's financial records shall be available for review by the college at any time.
 - The name of the bank at which the group's account will be located and the names of those authorized to withdraw funds.
 - The signature of the administrator responsible for student services or the college board designee who supports the request for authorization.
 - Desired use for any money remaining at the end of the year if the organization is not continued or not authorized to continue in the future.
 - An agreement to provide evidence of liability insurance as required by law.

- Submit for approval annually a copy of the application and an updated plan of activities.

Authorizations should be granted for one year. Requests for subsequent authorizations (i.e., renewals) should be presented to the college president or designee annually.

- Ensure that renewal applications include the following:
 - An annual financial statement for the year just ended; the statement is to include all expenditures and all income for all events and fundraisers.
 - A budget for the upcoming year.
 - A budget plan for the related activities.
 - A fundraiser approval form and revenue potential form or other document for each fundraiser that describe the fundraiser's purpose and how funds will be used, and an estimate of the revenue and expenditure types (this manual has examples of these forms that may be modified for school-connected organization use).
- A copy of the organization's federal and state nonprofit tax returns (federal forms 990, 990-EZ, 990-N, and state forms 199 or 199N) and, when applicable, a copy of form RRF-1, Nonprofit State Registry of Charitable Trusts.
- A copy of the organization's IRS form 1023 and state form 3500 or 3500A and, when applicable, a copy of form CT-TR-1, Nonprofit State Annual Treasurers Report.
- A copy of the organization's determination letter or certificate of nonprofit status.
- If conducting raffles, a copy of state form CT-NRP-1, Application for Registration Nonprofit Raffle Program and, when the year is completed, state form CT-NRP-2, Nonprofit Raffle Report.
- A copy of the organization's up-to-date adopted constitution and bylaws must be submitted with the initial application and all subsequent authorization requests.

A constitution should include at least the following six elements:

- Name and purpose of the organization.
 - Membership.
 - Executive board or officers, with positions and the duties of each position defined, as well as position and term limits.
 - Method of amendments to the constitution, such as by whom, what percent of members, and/or by ballot.
 - Method of adoptions or ratification of constitution and any subsequent amendments.
- Dissolution or termination clause providing for the distribution of any excess funds to another nonprofit organization, the ASB, or the college.
 - The bylaws should include at least the following seven elements:
 - Duties and powers of the executive board and officers.

- The composition and membership of committees.
- Successions.
- Elections and qualification for office.
- Finances, including a statement of internal controls, authorization of financial activities, and who can preapprove transactions.
- Meeting schedule for regular and special sessions, including time, manner, frequency, definition of a quorum, and who shall conduct meetings. The procedures and meetings should be governed by Robert's Rules of Order or similar code. Minutes of the meetings should be kept and read for approval at subsequent meetings. Actions taken by the executive committee should be reported to the membership at large.
- Annual internal or external audit/review of transactions, and reporting to the board of the audit's or review's findings and recommendations.

Other recommended rules and regulations that will help a college conduct proper oversight include the following:

- The college has the express right to review and/or audit school-connected organizations' financial statements to ensure their financial integrity.
- Authorization of a school-connected organization is valid for up to one year; however, if the college president considers it necessary, they may revoke a school-connected organization's authorization to conduct activities in the college at any time.
- School-connected organizations are not legal components of the college. Each school-connected organization must have its own tax identification number; school-connected organizations are not allowed to use the college's tax identification number in any way.
- School-connected organizations are responsible for their own tax status, accounting, and financial records, and must make their own arrangements for an audit if one is needed. The school-connected organization is not audited as part of the college's annual financial audit.
- School-connected organization funds should never be commingled with ASB funds or any other college funds.
- The school-connected organization will need to create its own logo and name; the college name and logo are separate and should not be used without authorization from the administrator responsible for student services or college board designee. School-connected organizations have their own identity.
- The school-connected organization is not authorized to act as an agent of the college.
- The school-connected organization must carry its own liability insurance in an amount equal to or exceeding a minimum determined by the college. The college should be named as an additional insured. When the school-connected organization uses school facilities, the college may, at its discretion, require a higher level of coverage based on the type of use requested, such as athletic activities and large events.
- School-connected organizations' ability to use college facilities is regulated by EC 82537-82548, which is contained in Education Code Title 3, Division 7, Part 49,

Chapter 8, Article 2, Use of School Property, Public Purposes. A college use of facility form should be submitted one month before the intended activity, with a certificate of insurance that includes liability and property damage coverage and names the college as additionally insured.

- Each school-connected organization must prepare and adopt a constitution and bylaws.
- School-connected organization officers should be elected according to the structure and process defined in the bylaws.
- College administrators should not hold any official position in a school-connected organization.
- Fundraising at any college is directly under the control of college authorities, such as the administrator responsible for student services, and must be approved by the designated administrator prior to any activity. Approval should be granted based on completion of an application or form, sometimes referred to as a request for approval of fundraising activity by a noncollege organization form. All approved fundraisers must be authorized and conducted according to the college's board policy, administrative regulations, and other rules (this manual has examples of ASB forms that may be modified for school-connected organization use).
- School-connected organizations must comply with state law and college policies and administrative regulations regarding the sale of food on campus, and are encouraged to review and become knowledgeable about laws, including county safe food handling requirements, state and federal nutritional standards, and the college's wellness policy.
- Requests or proposals for collegewide projects or fundraising, such as collection drives, must be submitted in writing and authorized in advance by the college's governing board at a regular board meeting, or by the board designee, or as designated in college board policy or administrative regulations.
- Membership fees may be used to raise funds for specific projects for the college, but students cannot be required to pay fees to participate in college activities.
- Any rules and regulations developed for the organization must conform to the law, the governing board's policies and regulations, and the college's rules and procedures.
- All school-connected organization members must be made aware that no individual should personally benefit from the activities the organization conducts. This concept should be made a part of the bylaws.
- Any profits from fundraising activities that are not spent for a school-connected organization's nonprofit exempt purpose cannot be returned directly to its members or their families.
- In case the school-connected organization dissolves or terminates, the school-connected organization's constitution should provide for the distribution of any excess funds to another nonprofit organization, the ASB, or the college.

All other school-connected organization activities are outside the control of the college and its governing board.

If a school-connected organization decides to operate a bingo or raffle activity, California Penal codes [326.5](#) and [320.5](#) regulate these events, and the licensing agency of each county enforces these regulations. Information on how to conduct a legal raffle can be obtained from the [California attorney general's website](#).

Tax Identification Number

As previously stated, school-connected organizations are not legal components of the college. Each school-connected organization must have its own tax identification number and bank account and is directly responsible for compliance with IRS and state reporting and disclosure requirements. Any organization that provides receipts to donors stating that their gift is a charitable tax-deductible donation must be approved by the IRS as a 501(c)(3) tax-exempt organization. It is the organization's responsibility to know and comply with all state and federal laws.

There are several ways to approach being tax-exempt, having a tax identification number, and choosing whether or not to accept donations. The recommended approach is for all school-connected organizations to apply for nonprofit, tax-exempt status through the IRS and State of California. Preparing constitutions, bylaws, articles of incorporation, budgets and projections is already part of the process of obtaining college approval. Taking the next step and completing the federal and state forms is not much more difficult.

IRS Form [SS-4](#), Application for Employer Identification Number, may be submitted over the telephone after it is filled out. [Instructions](#) are available on the IRS website.

Recognition as an Exempt Organization

As stated in the instructions for [IRS Form 1023](#), regardless of whether it intends to file for nonprofit status, a school-connected organization that will receive \$5,000 or more in annual revenues or gross receipts is required to file [IRS Form 1023](#) or [1023-EZ](#), Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code. This form and its instructions, as well as [additional information](#), are available on the [IRS website](#).

IRS Determination Letter – Tax Exempt Status

If the school-connected organization wishes to specify contributions as tax-deductible, the most direct way to do so is by using Form 1023, which upon approval will result in the IRS issuing a determination letter that recognizes the school-connected organization's 501(c)(3) nonprofit, tax-exempt status. School-connected organizations cannot give donors receipts for charitable, tax-deductible donations unless they have obtained this official determination letter from the IRS.

Nonprofit Tax Return

School-connected organizations must file Federal [Form 990](#), *Return of Organization Exempt from Income Tax*, and State [Form 199](#), *Exempt Organization Annual Information Return*, unless they do not meet the filing requirements. IRS Form 990 instructions state that Form 990 must be filed by an organization even if that organization has not completed Form 1023 if it has either (1) gross receipts greater than or equal to \$200,000, or (2) total assets greater than or equal to \$500,000 at the end of the tax year. Other threshold limits for filing alternative forms 990-N or 990-EZ are also described in the [Form 990 instructions](#).

Information on nonprofit status can be found in IRS [Publication 557, Tax-Exempt Status for Your Organization](#), on the [IRS website](#).

California Nonprofit Tax Status

California nonprofit, tax-exempt status is similar to federal status and requires that an organization complete Form 3500. The [Form 3500 Exemption Application Booklet](#) includes instructions and a copy of form 3500 and is available online on the [California Franchise Tax Board website](#).

California Nonprofit Tax Return – Forms 199 and RRF-1

According to the California Franchise Tax Board Form 199 instructions, an organization must file Form 199 if it has been granted tax-exempt status by the Franchise Tax Board, is a nonexempt charitable trust as described in [Internal Revenue Code section 4947\(a\)\(1\)](#), and its gross receipts and pledges as a general guideline are greater than \$50,000.

California Form RRF-1, *Annual Registration Renewal Fee Report to Attorney General of California*, must be filed by every charitable nonprofit corporation, unincorporated association, or trustee holding assets for charitable purposes, regardless of whether the corporation files Form 990, unless the organization is exempt from filing. Organizations exempt from filing Form RRF-1 include government agencies and any charitable corporation organized and operated primarily as a religious organization, educational institution, or hospital.

Forms are available on the [IRS](#), [California Franchise Tax Board](#), and [California Attorney General's Office](#) websites.

Sales and Use Tax

Sales and use tax regulations change often. The best resource to help school-connected organizations determine activities that may be subject to sales and use tax is available at the [California Department of Tax and Fee Administration \(CDTFA\)](#). The CDTFA issues Publication 18, a guide titled, *Nonprofit Organizations*. The preface of the guide states, "This publication is a general guide to the Sales and Use Tax Law and Regulations as they apply to sales and purchases by nonprofit organizations, including schools, religious organizations and churches, charitable organizations, and other nonprofit groups." The types of organizations discussed in the guide include schools, parent-teacher associations, children's organizations, and youth organizations. Another CDTFA resource is publication 61, *Sales and Use Taxes: Tax Expenditures*.

Financial Guidelines

School-connected organizations are responsible for ensuring that proper internal controls exist for all of their financial activities. In accordance with its bylaws, each school-connected organization should elect a treasurer who is assigned responsibility for recording, documenting and organizing all financial activities.

Like ASBs that exercise the best practices contained in this manual, school-connected organizations should adhere to sound business practices and maintain an adequate system of internal controls. These include, but are not limited to, the following:

Financial statements and treasury (see [Chapter 7](#))

- The treasurer or designated officer should prepare monthly financial statements that are presented to the organization along with a copy of the most current bank statement and reconciliation. Financial statements may include cash receipts, cash disbursements, checking account beginning and ending balances, balance sheets, income statements and other relevant items.
- A budget should be developed at the beginning of the year to project expected revenues and expenses and should be revised as needed.
- When possible, an auditor who is independent of the treasurer should be appointed and should report directly to the school-connected organization board. The auditor should review all of the financial records, journals, check registers, receipts, invoices, bank statements, and other financial information at least annually. The auditor may be someone other than an independent certified public accountant (CPA). If a CPA is not available, the annual review may be performed by at least two individuals who are independent from the school-connected organization's day-to-day financial activities. If two independent individuals are not available, the treasurer may conduct the review with one other independent individual. All review reports should be signed by those conducting the review and the organization president.

Cash receipts and bank reconciliation (See Chapters 7 and 13)

- Prenumbered receipt books and supporting documents.
- Duplicate deposit, cash count, and fundraising forms.
- Bank deposits should be made intact and in a timely manner.
- Someone other than the individual(s) responsible for depositing funds and writing checks should perform bank reconciliations monthly.

Cash disbursements (See Chapter 18)

- A purchase order or a similar form to document the preauthorization to spend funds is part of a good internal control system. Identifying an individual designated by the school-connected organization's board, such as the treasurer, to preapprove spending is a good way to monitor and control expenditures. Whether a school-connected organization chooses to use a formal expenditure preapproval process or some other method, it should be documented in the organization's bylaws or operations manual.
- Checks should require a minimum of two signatures.
- Whether to prepare duplicate forms for items such as purchase orders, invoices and checks depends on the size of the organization and whether other departments or programs are involved that may need to retain their own copies.
- All expenditures should be approved by the school-connected organization's board, and the approval should be noted in the board meeting minutes.

Document Retention

Because school-connected organizations experience frequent turnover of officers and members, it is important to clearly document the organization's activities and to establish a procedure for retaining those documents. Documents the organization should retain include, but are not limited to, the following:

1. Cash receipts.
2. Cash disbursements and general ledger.
3. Bank records.
4. Income tax returns.
5. Minutes of meetings as defined by the organization's bylaws.

The organization should obtain a safe deposit box or similar storage facility to secure important documents. Documents that are considered more permanent, such as articles of incorporation, bylaws, IRS determination letter, and IRS Form 1023 application for exempt status, should be retained as long as the organization exists.

Student Supervision

Typically, school-connected organizations are approved and authorized to operate in the college by an annual application process typically administered by the college business office or college designee, while ASB clubs are approved by the ASB's student council, with co-approval and oversight by the administrator/designee. If an event is being held by an approved school-connected organization and its fundraisers or other activities are also preapproved, then the college administrators should be aware of the activity.

Education Code [76063\(e\)](#) requires that a qualified faculty employee be the advisor of the ASB and club students. Because the college has responsibility for oversight of the ASB, typically a faculty member must be present at all ASB and club activities. This requirement does not exist for a school-connected organization's activities; however, there are likely local requirements that certain employees, whether faculty or others, attend any activity when students are present. Therefore, local college board policies and administrative regulations regarding school-connected organizations will often determine what student supervision is required during school-connected organization activities.

The college may have board policies that require nonemployee volunteers to be fingerprinted regardless of their contact with students. If not, volunteers do not need to be fingerprinted if they are not left alone with students. Education code references to fingerprinting include EC [10911.5](#), regarding community recreation programs, and EC [22338](#), [72330.2](#), [72330.5](#), [87013](#), and [88024](#), specific to employees. Board policy and administrative regulations should be created or updated specific to volunteers and others working with students.

Because laws can change quickly, a college should obtain an opinion from its legal council when developing and updating policies applicable to ASB and student activities. This helps ensure that the college has the most current guidance.

College Employees

Paying College Employees

If a school-connected organization wishes to pay for additional and/or extracurricular services using the labor of college employees, the employee(s) who will provide the services should be approved through the college's personnel department. The school-connected organization will deposit funds into a college account for the proposed expenses. The funds must be sufficient to pay for the employee's salary and benefits for the time they work. College employees are not employees of the school-connected organization, and the school-connected organization should be aware of the following:

- While serving as college employees, they have no authority to work for the school-connected organization during their college work hours. A college employee acting in their official capacity and during work hours may interact with school-connected organization officials as a required part of their duties as a college employee.
- If a college employee would like to be employed by the school-connected organization, the employee must obtain prior approval from the college's personnel department. The best practice is for any school-connected organization to not venture into the complexities of operating its own payroll processing and employing its own personnel.
- Some colleges that permit a college employee to also be employed by a school-connected organization may require that the employee be paid through the college, with the college being reimbursed in turn by the school-connected organization. The college may also require that any individual chosen to work for a school-connected organization be hired and cleared for work through the college's personnel office.
- A college employee acting in their personal capacity and on their own personal time is free to establish a school-connected organization or to participate in it. The employee must ensure that participation in the school-connected organization does not present a conflict of interest with their duties as a college employee. The employee should also make it clear that their participation is in their personal capacity and not in their capacity as a college employee. The best practice is for a college employee not to be an officer of a school-connected organization that operates on the same campus where the employee works.

College Employees Serving as Officers

The best practice to avoid the appearance of a conflict of interest is for college employees not to hold any school-connected organization board, officer, or cash handling positions. Examples of such positions are as follows:

- President.
- Treasurer.
- Bookkeeper.
- Voting member who may be able to direct donations to specific college programs that may benefit their work as a college employee.
- Fundraising chairperson.

- Check signer.
- Person designated to collect any fees, donations, checks, or cash.

Donations of Supplies, Equipment and Transportation

School-connected organizations by nature are designed to help the college and/or ASB, and such help may come in the form of donations of supplies, equipment, and transportation. For additional information about receiving donations, see the section in Chapter 12 titled, Tax-Exempt Status and Disclosure Requirements.

Donations of Money for Supplies or Equipment

When a school-connected organization wishes to give the ASB or one of its clubs money for supplies or equipment, if the college business office allows this, the funds may be donated directly to the ASB for the ASB to make the purchase. The ASB must follow all procedures for preapproval of an ASB purchase, college purchasing guidelines, and any applicable laws. Alternatively, the school-connected organization may send the donated funds to the college on behalf of the ASB, and the college may purchase the items in accordance with college purchasing guidelines and any applicable laws.

If the school-connected organization wishes to donate supplies or equipment to the ASB or one of its clubs, the preferred method is for the school-connected organization to instead donate money to the ASB or college, following the procedure outlined above for donated funds.

The purchase should be made using the college's purchasing system by a college-designated individual authorized to spend the funds, with the approval of the administrator responsible for student services or other school administrator. The purchase should be charged to a college account code, and the purchase requisition should contain the following information in bold:

- Paid by the school-connected organization.
- School-connected organization name.
- Person responsible for school-connected organization.
- Billing address.

The purchase should be charged to the college account code on the requisition at the time of payment, and the college business office should bill the school-connected organization for the cost of the supplies purchased.

If the school-connected organization wishes to purchase the equipment directly and donate it to a college, the process is different. The school-connected organization should notify the college administrator and the purchasing department before the equipment is ordered. Then, at a regular board meeting, the college's governing board must accept the equipment as a donation to the college.

Donations for Transportation and Field Trips

A school-connected organization may donate funds to the ASB or the college for transporting students to events. A field trip request form must be completed in conjunction with the ASB and college(s) and then sent to the college's transportation department. The request form should contain the following information in bold:

- Paid by the school-connected organization.
- School-connected organization name.
- Person responsible for school-connected organization.
- Billing address.

The transportation cost should be charged to the college account code on the requisition at the time of payment, and the college business office should bill the school-connected organization for the cost of the transportation.

Student Recognition

School-connected organizations may conduct competitions and other activities for students to participate in and be recognized.

School-connected organizations may raise funds and present student awards directly to students or donate funds to the college or ASB. They may also use their funds to purchase items for donation or to help the college or ASB. Although school-connected organizations are not generally governed by the Education Code, they do not have unrestricted access to colleges and students. School-connected organizations should coordinate with the college or group they support to ensure compliance with relevant college board policies and administrative regulations regarding student recognition using awards. Some colleges may have specific guidelines for awards to or recognition of students. To recognize students, the school-connected organizations should align their activities with the college's guidelines, board policies, and administrative regulations. Specifically, any awards must avoid any form of discrimination or favoritism. Awards should be based on objective criteria, open to all eligible students, and outlined in the college's board policies and administrative regulations as well as the school-connected organization's bylaws.

School-connected organizations should be aware of any potential tax implications when providing student awards. For example, scholarships or cash awards may have tax reporting requirements for the recipients. The school-connected organization should consider consulting with a legal and tax professional to ensure compliance.

School-connected organizations should discuss issues of student recognition with the college representative or administrator, and/or college business office, because past practices and college board policies and administrative regulations may help determine how best to proceed. The organization should have established criteria for receiving an award, such as who is eligible, what the awards may consist of, the maximum allowable amount, and the type of award.

Direct Student Recognition

Some organizations raise funds and directly recognize students with awards, scholarships, or other types of recognition. A school-connected organization may present an award to a student according to the organization's bylaws or other organization-approved process. Typically, a school-connected organization will fundraise by seeking donations or conducting other activities to pay for the award or recognition. The school-connected organization's fundraiser should describe the purpose, criteria, and other requirements to qualify for an award or recognition. The award or recognition may be presented by the school-connected organization at its own special event, or as part of a college awards ceremony, or by some other method.

Donations to the College or ASB for Student Recognition

School-connected organizations may raise funds to donate to the college or ASB to recognize students with awards and scholarships sponsored by the school-connected organization but for which the college or ASB selects the student and gives the recognition or award. This means the school-connected organization donates the funds raised for the award to the college or ASB. Upon receipt, the funds are under the control of the college or ASB, and the award is subject to applicable college board policy and administrative regulations. In this case, the college or ASB is the donation recipient and establishes in advance the conditions a student must meet to receive the award. The college's or ASB's conditions should describe the purpose, criteria, and other requirements to be recognized or to receive the award. The award would then be presented by and from the college or ASB at a college or other awards ceremony. The college or ASB should acknowledge that the donation for the award was provided by the school-connected organization.

Paying Stipends, Salaries and Consultants

Paying Stipends and Salaries

A school-connected organization may not pay any college employee additional compensation, such as a stipend or salary, without prior approval from the college business and/or personnel office. If a school-connected organization wants to supplement the college with additional personnel, it should follow the guidelines in the section titled College Employees earlier in this chapter.

Paying Consultants

Consultants are sometimes hired in the ordinary course of business to help with various projects when needed. As described in Chapter 17, Employees and Independent Contractors, consultants are not employees; they should have their own insurance and meet all federal and state qualifications to be considered a consultant. School-connected organizations should be aware of the regulations that must be followed. Chapter 17 discusses this topic at length.

Loaning Funds to ASB, Clubs, or Programs

School-connected organizations are typically not allowed to make loans to the ASB because the student groups should be self-sustaining. Moreover, the ASB and other school groups are primarily the responsibility of the college, not of any school-connected organization. As public entities, ASBs and colleges are subject to legal limitations on entering into debt.

The best practice is to prohibit school-connected organizations from loaning funds to the college, the ASB, clubs, or school programs, because this creates a contractual arrangement that makes those entities a debtor to the school-connected organization. It is more advisable for the school-connected organization to fundraise on behalf of club or program and support it with donations. Loans may also obligate future students to repay them.

Sample College Letter to Applicants

(College Letterhead)

MEMO

To: All School-Connected Organizations Supporting Sample College

From: Sam Smith, College President
John Money, Fiscal Services

Subject: School-Connected Organization Requirements

Thank you for applying to operate a school-connected organization supporting Sample College and for making a difference in the lives and education of our students.

We are providing you this memo to help you with your application. All school-connected organizations are considered separate organizations from the Sample College. Before operating on any campus, the college requires the following items from each school-connected organization:

Required Document	Comment
School-connected organization name.	Define which college/campus and sport or activity the group is supporting.
Organization’s officers and contact information .	List officers’ titles, phone numbers, and email addresses.
Employer/Tax Identification Number (TIN) of the school-connected organization. Note: The college’s TIN is not available for use; the school-connected organization must have its own TIN.	This is required to open a bank account and for many other functions. If you used an individual’s social security number, please indicate this. See Form SS-4 at irs.gov .
Proof of tax-exempt status under Internal Revenue Code Section 501(c)(3) (if applicable). To apply for exempt status, you may review Form 1023 and the instructions for filing at irs.gov .	You will need this if your organization normally has gross receipts of \$5,000 or more in a year or if you wish to receive a determination letter that recognizes 501(c)(3) status and states that contributions to the organization are tax-deductible.
Meeting dates – calendar.	For board meetings, committee meetings, etc.
A copy of the school-connected organization’s current charter/articles of incorporation and bylaws	Provide the most up-to-date information.

Required Document	Comment
<p>Copy of the organization’s current charter and bylaws. Signed college agreements and other information.</p>	<p>Hold harmless agreement. Evidence of liability insurance. Financial records shall be available for review by the college at any time, Name of the organization’s bank(s) and list of signers on the account. If not stated in the bylaws, a description of what happens to the organization’s assets upon termination. Copy of the organizations IRS form 1023 and IRS determination letter or certificate of nonprofit status.</p>

Note: These required documents are subject to change at any time without notice.

For help, you may refer to the guidelines for school-connected organizations as outlined in the *FCMAT Community College ASB Manual* published by FCMAT and available at fcmat.org. The manual includes guidelines for forming and organizing school-connected organizations, financial guidelines, solicitation regulations, information on campus interaction, and many other procedures and functions.

If you have any questions regarding this memorandum, please contact the administrator responsible for student services.

Sincerely

Sam Smith
College President

Sample School-Connected Organization Application

(College Name)

School-Connected Organization Application

Application Date: _____

School-Connected Organization Name: _____

Name of College: _____

Check one: Initial Application Renewal:

The parents of Sample College hereby request approval for the formation of the
_____ School-Connected Organization.
Name of Organization

Objectives / Purposes of the School-Connected Organization are: _____

School-Connected Organization Official Mailing Address:

Official Name: _____

PO Box/Street: _____

City/State/Zip Code: _____

Telephone Number: _____

School-Connected Organization Officers:

Position Held	Name	Email Address

Is the organization 501(c)(3) tax-exempt? Yes No

Organization Tax ID # _____ Banking Institution: _____

Does the school-connected organization conduct annual financial audits/reviews? Yes No

Attach a copy of your proposed budget for the upcoming school year.

Upcoming School Year Planned Meetings (or attach schedule):

Date	Time	Location

Upcoming School Year Planned Fundraisers (or attach schedule):

Activity	Date	Location

We, the members of this school-connected organization, have read and understand the rules for forming and conducting this organization, including the college’s board policy and administrative regulations, and agree to abide by them. We will submit a contact list, two copies of the proposed constitution and bylaws, and any other information required by the college to the administrator responsible for student services or designee, who will review the application for approval.

Signature of Organization President
Date

College/Campus Approvals:

College Administrator: _____

Signature
Date

College Board Recognition and Approval:

College Administrator: _____

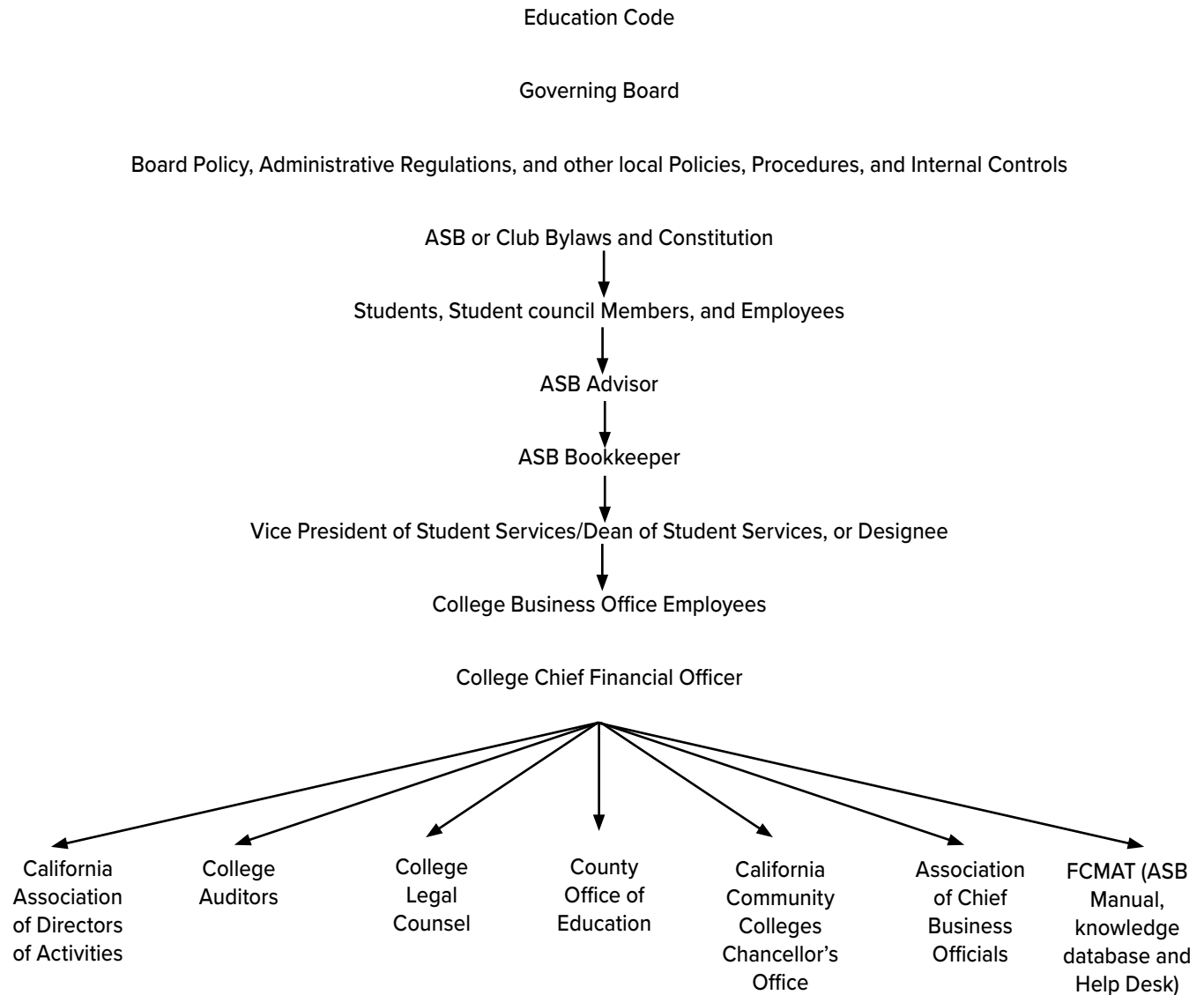
Signature
Date

Title: _____

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Chapter 21 – Where to Go for Help

As indicated throughout this manual, many people are involved in administering and supervising the activities of student organizations, and many people and organizations are available to solve problems, provide guidance, and answer questions that arise. The following flow chart offers a recommended sequence for getting answers to ASB questions:



Organizations and Online Resources

At times, a student organization may need to contact other people or groups outside the college. Following is a list of additional resources to help ensure the success of a college's student organization.

Associations, News and Data

Association of California School Administrators (ACSA)

1029 J Street, Suite 500, Sacramento, CA 95814

916-444-3216 or 800-608-2272 • acsa.org

California Association of Directors of Activities (CADA)

3121 Park Avenue, Suite C, Soquel, CA 95073

831-464-4891 • cada1.org

California Association of Student Councils (CASC)

1212 Preservation Park Way, Oakland, CA 94612

510-834-2272 • casc.net

California Association of School Business Officials (CASBO)

1001 K Street, 5th Floor, Sacramento, CA 95814

916-447-3783 • casbo.org

Association of Chief Business Officials (ACBO)

PO Box 1017, Sacramento, CA 95812

916-443-2226 • acbo.org

California School Boards Association (CSBA)

3251 Beacon Blvd., West Sacramento, CA 95691

800-266-3382 • csba.org

EdSource

436 14th Street, Suite 1005, Oakland, CA 94612

510-433-0421 • edsourcesource.org

Ed-Data Education Data Partnership

ed-data.org

State Agencies

California Department of Education (CDE)

1430 N Street, Sacramento, CA 95814

916-319-0800 • cde.ca.gov

Fiscal Crisis & Management Assistance Team (FCMAT)

1300 17th Street, Bakersfield, CA 93301-4533

661-636-4611 • fcmat.org

California Department of Tax and Fee Administration (CDTFA)

P.O. Box 942879, MIC: 88, Sacramento, CA 94279-0088

800-400-7115 • cdtfa.ca.gov

Department of Finance

915 L Street, Sacramento, CA 95814

916-445-3274 • dof.ca.gov

Legislative Analyst's Office (LAO)

925 L Street, Suite 1000, Sacramento, CA 95814

916-445-4656 • lao.ca.gov

Office of Administrative Law (OAL)

300 Capitol Mall, Suite 1250, Sacramento, CA 95814-4339

916-323-6225 • oal.ca.gov

Student Senate for California Community Colleges

1102 Q Street, 6th Floor, Suite 4400 Sacramento, CA 95811

916-445-2949 • ssccc.org • Additional information available on the [CCCCO website](#)

California Community Colleges Chancellors Office

1102 Q Street, 6th Floor, Sacramento, CA 95811

916-445-8752 • cccco.edu/About-Us/Chancellor's-Office

National Associations

Association of School Business Officials International (ASBO)

11401 North Shore Drive, Reston, VA 20190-4232

866-682-2729 • asbointl.org

National Association of Secondary School Principals (NASSP)

1904 Association Drive, Reston, VA 20191-1537

703-860-0200 or 800-253-7746 • nassp.org

National Association of Student Councils (NASC)

1904 Association Drive, Reston, VA 20191-1537

703-860-0200 or 800-253-7746 • nasc.us

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Chapter 22 – Sample ASB Constitutions and Bylaws

Best Practices College Sample ASB Constitution

The Constitution of The Associated Students of

_____ Junior/Community College

Preamble

We, the students of _____ Junior/Community College, do hereby assume the powers of self-governance delegated to us by the college governing board and do ordain and establish this constitution. The objective is to unite, in one local organization, representatives of students who are registered and attend _____ Junior/Community College, in order to coordinate the varying interests and concerns of the student body and to provide a forum for addressing issues of common concern. We, the students of _____ Junior/Community College, in order to promote the general welfare of the students, to guarantee the equality of opportunity among students, to offer experience in moral, aesthetic, social and economic values under an atmosphere of intellectual freedom, to encourage student participation, planning and direction of student activities as permitted under the rules, regulations and policies of the State of California and the Board of Trustees of the _____ Junior/Community College District, do ordain and establish this Constitution of the Associated Students of _____ Junior/Community College.

These representatives shall represent the students in shared governance on campus. This body shall consist of active members representing the different student constituencies within the college; these active members' functions and duties shall be defined in this constitution. Other rules, regulations and constitutions shall not be in conflict with this constitution.

ARTICLE I

Name, Purpose, Membership

SECTION 1 The name of this organization shall be the Associated Students (i.e., student council) of _____ Junior/Community College.

SECTION 2 The purpose of this student body organization shall be to coordinate the varying interests and concerns of the student body in representing the students in shared governance issues on campus. As a participant in the governance processes, the student body shall:

Provide a collegewide body that represents the needs, concerns and viewpoints of all students.

Provide a central communication link between students and the rest of the college community.

Select student representatives from the student body, upon recommendation of the student trustee, to serve on governance and college committees.

Provide an opportunity for students to enhance governance at the college.

Provide students an opportunity to enhance their leadership skills.

Increase student participation in student governance.

- SECTION 3** The primary legislative body of the Associated Students of _____ Junior/Community College shall be the Student Executive Board, and no actions of student groups or organizations shall conflict with the rules, regulations, or policies of the Student Executive Board or the _____ Junior/Community College.
- SECTION 4** All currently enrolled students of the _____ Junior/Community College District shall be members of the Association.
- SECTION 5** All nonstudent employees, retired nonstudent employees, members of the board of trustees, former members of the board of trustees, and former officers of the association shall be recognized as honorary members of the association.
- SECTION 6** The purpose of this organization shall be to represent its membership at the college, in the community, to the State of California, and other governments. It shall establish the rules, regulations, and policies by which its members and the organizations they establish may coordinate their activities and participate in the shared governance process. It shall promote student life, activities, and advocacy at the college, in the community, and throughout the state of California.
- SECTION 7** The Associated Students of _____ Junior/Community College shall be funded by the student representation fee, which shall be used by the association as governed by the state Education Code and in the Financial Code.
- SECTION 8** The Associated Students of _____ Junior/Community College may be funded by additional fees established in a manner approved by the Board of Trustees of the _____ Junior/Community College District. These fees shall comply with the State Student Fee Handbook and shall be used by the association as governed by the State Education Code and in the Financial Code.
- SECTION 9** All student groups and organizations shall be governed by the *Standard Code of Parliamentary Procedure* by Alice Sturgis or *Robert's Rules of Order*. [Note, choose one, Roberts or Sturgis.]
- SECTION 10** For the purpose of establishing a quorum in any group empowered by this constitution, one-half (1/2) of the total voting membership rounded up to the next whole number, plus an advisor appointed by the director of student affairs and new student programs, shall be required. If less than two-thirds (2/3) of the total voting membership is present, it shall take a two-thirds (2/3) vote of the group to pass any motion.

ARTICLE II

Rights and Benefits

- SECTION 1** All members of the Association shall have the right to vote in any election of the Associated Students of _____ Junior/Community College, the right to hold any elected office, and the right to propose legislation to the student executive board.
- SECTION 2** All members of the association who shall choose not to pay the student representation fee shall remain members of the association and retain all the rights of membership and the benefits provided.
- SECTION 3** All members of the association who shall choose not to pay additional fees established by the association shall remain members of the association and retain all the rights of membership; however, they shall no longer be eligible for the benefits provided to members.
- SECTION 4** All honorary members of the association shall be eligible for the benefits provided to members of the association.

SECTION 5 All benefits established for members of the association shall be outlined in the Association Benefits Code.

Article III

Meetings

Meetings, necessary to conduct the business of the students, shall be held weekly. The Associated Students Board may call additional meetings in accordance with provisions set forth in the bylaws.

All meetings shall be conducted in accordance with California open meeting laws (Ralph M. Brown Act).

Section 1 Regular Meetings

- Agendas for student body board meetings shall be posted 72 hours prior to the scheduled meeting.
- All items to be put on the agenda must be submitted to the student body president by a time designated by the president.
- All minutes should be typed and distributed to the board members before the meeting at which they will be approved.
- All minutes and accompanying purchase orders and requisitions must be sent to Fiscal Services.
- No board members shall miss more than three (3) regularly scheduled board meetings in a given semester. Absences exceeding three (3) can result in board disciplinary action and/or removal of that board member. It is the responsibility of the secretary to notify the board when this occurs.
- In case of absence, a board member may submit a written proxy vote via a board officer.
- No more than three board members may vote by proxy at any given meeting.

Section 2 Special Meetings

The board shall conduct all special meetings in accordance with the Ralph M. Brown Act.

Section 3 Emergency Meetings

The board shall conduct an emergency meeting in accordance with the Ralph M. Brown Act.

Section 4 Right to Meet

The president, or a majority of the board if deemed necessary in accordance with the Ralph M. Brown Act, may call board meetings at any time.

Section 5 Quorum

A quorum for all board and committee meetings shall be established when a simple majority of the active voting members are present. A quorum must be in effect before any action can be voted upon.

The following business may take place without a quorum:

- Call to order
- Roll Call
- Open Forum
- Officer Reports
- Committee Reports
- Discussion of New and Old Business

- Announcements
- Adjournment

Article IV

Board Members

Section 1

Board Membership Requirements.

- A board member must be currently enrolled in a minimum of six (6) academic units at _____ Junior/Community College and must maintain enrollment in said minimum number of academic units for the duration of his/her term, or be subject to dismissal from the Associated Students.
- Board members or petitioners must have a minimum GPA of 2.0 or higher (per semester and cumulative). Board members on academic or progress probation, either in the previous semester or during their term, are ineligible to serve.
- Failure to comply with the above-mentioned requirements will result in a board member being removed from office. Board members must be notified privately and will be given one week before automatic removal. Appeals must be discussed with the advisor by the end of the one-week grace period. If at any time during the semester a student drops below the six-unit minimum, they may appeal their eligibility with the advisor.

Section 2

Board Members Shall:

- Be a voting member and attend all meetings, mandatory retreats and workshops of the board (failure to attend a mandatory retreat or workshop shall be the equivalent of two (2) unexcused absences for that semester).
- Hold three (3) office hours per week with the exception of finals week, spring break, and summer session. If a holiday falls on one of the regularly scheduled office days, these hours should be made up during that same week. Participation on committees or at committee meetings does not count toward office hours. Participation in student body-sponsored activities can be counted towards a maximum of two (2) weekly office hours, at the discretion of the student body president and advisor.
- Submit office hours to the vice president and advisor to be posted on student body office door, bulletin boards and website no later than the second week of the semester.
- Become familiar with and comply with parliamentary procedure.
- Become familiar with Associated Students fiscal matters and provide input on requests, proposals, and petitions presented to the student body board.
- Provide oral and/or written reports to the board and constituency regarding committee activities, collegewide committee activities, board members' current activities, and varying interests and concerns of the student body.
- Participate in special projects or perform duties as outlined in the constitution, bylaws, Election Code, or as specified by the student body president or vice president.
- Board members will not make contractual agreements on behalf of the Associated Students board without prior consent of the board and advisor.
- Participate in a self-evaluation at the end of each semester in office by completing a self-evaluation form; meeting with the advisor and Associated Students president to go over the evaluation; and determining an appropriate plan of action for future goals.
- Maintain all requirements of a board member, unless overridden by the constitution or bylaws.
- Not concurrently hold more than one Associated Students officer position.
- Hold their elected office for one year.
- Maintain all requirements of an officer as outlined in the constitution.

- Upon completion, the board member will turn over to the successor and the advisor any fiscal records or other materials pertaining to the office.
- Sign purchase requests as necessary.
- Submit an oral and/or written officer report to the secretary at all regular student body meetings.

Section 3

The Board Shall:

Appoint representatives and alternates to internal/external committees as needed.

ARTICLE V

Associated Students Board Officers

SECTION 1

The Associated Students Board officers shall be composed of the following: President, Executive Vice President, Vice President of Programs, Vice President of Organizations, Vice President of Committees, Vice President of Membership and Marketing, Vice President of Advocacy, and Vice President of _____ Campus. Each is entitled to one vote.

SECTION 2

All meetings of the Associated Students Board shall fall under the provisions of the Ralph M. Brown Act.

SECTION 3

Meetings of the Associated Students Board shall take place biweekly, and the location of each meeting shall alternate between the college's different campuses.

SECTION 4

All members of the Associated Students Board shall participate in leadership training in the application of the Ralph M. Brown Act, the *Standard Code of Parliamentary Procedure* by Alice Sturgis or *Robert's Rules of Order*, and the Associated Students Constitution and Codes as specified in the Election Code. [Note, choose one, Roberts or Sturgis.]

SECTION 5

All members of the Associated Students Executive Board shall take an oath of office as specified in the Election Code.

SECTION 6

The order of succession of the Executive Board shall be: Associated Students President, Executive Vice President, Vice President of Programs, Vice President of Organizations, Vice President of Committees, Vice President of Membership and Marketing, Vice President of Advocacy, Vice President of _____ Campus.

ARTICLE VI

Elected Officers

SECTION 1

Associated Students President:

- Preside as chair of the Associated Students Executive Board and vote only to make or break a tie.
- Preside as chief administrative officer of the Association, directing and coordinating all policies of the Associated Students.
- Set the agenda for the Associated Students Executive Board, ensuring that the advisor signs and dates the agenda.
- Report to the board of trustees on behalf of the Associated Students.
- Attend meetings of, or send a designee to, the programs committee.
- Authorize and sign all expenditures of the Associated Students Executive Board.
- Appoint members to vacant positions or remove members, with the approval of the Associated

Students Executive Board.

- Perform other duties that pertain to the office, to include the making of policies not in conflict with the constitution or codes. Such duties and policies shall be reviewed by the Associated Students Executive Board.

SECTION 2 Executive Vice President:

- Assume the duties of the president during their absence and succeed to the office upon the vacancy of the presidency.
- Preside as vice chair of the Associated Students Executive Board.
- Serve as assistant administrative officer of the association as directed by the president.
- Ensure that the president has posted the agenda and that the advisor has signed and dated it.
- Attend meetings of the board of trustees on behalf of the Associated Students Executive Board.
- Track and report all expenditures of the Associated Students.
- Carry out the provisions of the Financial Code.
- Preside as chair of the Budget Committee.
- Ensure that the officers of the Associated Students Executive Board maintain clear channels of communication and work effectively toward their shared goals.

SECTION 3 Vice President of Programs

- Preside as chair of the Programs Committee.
- Serve as assistant administrative officer of the association as directed by the president.
- Set the agenda for the Programs Committee, ensuring that the advisor signs and dates the agenda.
- Carry out the provisions of the Programs Committee Code.
- Authorize and sign all program expenditures.
- Confirm the appointment of student ambassadors selected by the Programs Committee to conduct events and activities on campus.

SECTION 4 Vice President of Organizations:

- Be responsible for the coordination and operation of clubs and organizations.
- Carry out the provisions of the Inter-Club Council Code.
- Work collaboratively with the chair of each Inter-Club Council.
- Act as a liaison between clubs and the Associated Students Executive Board.
- Organize all records of club status to ensure continuity.

SECTION 5 Vice President of Committees:

- Appoint students to the collegewide committee system, with the ratification of the Associated Students Executive Board.
- Maintain records of student involvement in the collegewide committee system.
- Carry out the provisions of the Shared Governance Code.
- Report to the academic and classified senate as a representative of the Associated Students Executive Board
- Recruit and interview students wishing to sit on active collegewide committees.

SECTION 6 Vice President of Membership and Marketing:

- Carry out the provisions of the Association Benefits Code.
- Coordinate communication regarding media and outreach to members of the association.
- Promote the association benefits program so that new students are aware of the program before class registration begins.
- Administer the association benefits program.
- Be responsible for recruiting new members in a timely fashion, ensuring that there is a stable membership base to fund each semester.
- Meet with the student affairs accountant to review the financial standing of the benefits program.

SECTION 7 Vice President of Advocacy:

- Serve as the representative of the _____ Junior/Community College at the regional meetings of the Statewide Student Executive Board.
- Stay informed about statewide legislation and issues affecting students and student government.
- Be responsible for coordinating statewide efforts involving the association.

SECTION 8 Vice President of _____ Campus:

- Be responsible for representing student issues and concerns of _____ Campus to all branches of the Associated Students Executive Board
- Serve on the Student Executive Board Budget Committee.
- Serve on the Programs Committee.
- Work collaboratively with the chair of the _____ Inter-Club Council.

ARTICLE VII

Programs Committee

SECTION 1 The Associated Students Executive Board shall establish a programs committee, which shall serve as an advisory body responsible for proposing and outlining implementation of events and activities for student learning, enrichment, and enjoyment.

SECTION 2 The Programs Committee shall be composed of the vice president of programs, vice president of _____ Campus, two student members at large, one representative of the Academic Executive Board, one representative of the Classified Senate, and one representative of the management team appointed by their constituent groups. Each is entitled to one vote. The associated student president, or designee, shall serve on the committee as an ex-officio member.

SECTION 3 The Programs Committee shall abide by the Programs Committee Code.

ARTICLE VIII

Inter-Club Council

SECTION 1 The Associated Students Executive Board shall establish one Inter-Club Council for the _____ Campus and one for the _____ Campus. These groups shall be responsible for the recognition, activation, and coordination of all clubs and organizations present at each respective campus.

SECTION 2 Each Inter-Club Council shall be composed of a representative from each club or organization recognized by that council. Each is entitled to one vote.

- SECTION 3** Each meeting of an Inter-Club Council shall fall under the provisions of the Ralph M. Brown Act.
- SECTION 4** Each Inter-Club Council shall abide by the Inter-Club Council Code.
- SECTION 5** Each Inter-Club Council shall elect a chair from among the representatives sitting on that body.

ARTICLE IX

Budget

- SECTION 1** The Associated Students Executive Board shall establish a Budget Committee. That committee shall serve as an advisory body responsible for generating a budget proposal. This proposal shall be based on the previous year's expenditures and income in addition to recommendations made by the college community.
- SECTION 2** The Budget Committee shall be composed of the Executive Vice President, the Vice President of the _____ Campus, and the Vice President of the _____ Campus. Each is entitled to one vote.
- SECTION 3** The Budget Committee shall abide by the Budget Committee Code.
- SECTION 4** Student Clubs:
Each student club must prepare and approve a constitution that must be approved by the Associated Students before it can begin fundraising activities or make expenditures of club funds.
Inactive Club:
A club is considered inactive when it has no active membership or meetings for 18 consecutive months. The Associated Students shall make this determination.
Once the Associated Students determines a club is inactive, any remaining funds (positive or negative), upon AS/student council approval, shall be transferred into the general ASB account or as directed by the club bylaws. If the bylaws direct the club balance to be transferred to another club, the recipient club must approve their acceptance of the funds.
Carryover Balance:
The maximum amount of carryover of funds from one year to another is 20% of total club expenditures in that school year. Any amount determined to be in excess of 20% shall be budgeted for use in the subsequent school year.
Negative Club Balance:
All club funds earned and spent shall be sufficiently monitored such that at the end of the school year there is no negative club balance. A club balance may be zero or positive but not negative.

ARTICLE X

Elections

- SECTION 1** The Student Executive Board shall appoint a Student Election Coordinator, who shall be responsible for the implementation of the Election Code.
- SECTION 2** The Student Election Coordinator shall ensure that all polling places are open and fully staffed during elections and that ballots are counted promptly after the polling places close.

SECTION 3 The Student Election Coordinator shall have an advisor appointed by the Director of Student Affairs and New Student Programs. This advisor shall not be responsible for executing any of the duties of the Student Election Coordinator.

ARTICLE XI

Initiative, Referendum and Recall Measures

SECTION 1 An initiative measure may be proposed by a petition signed by a number of members equal to one-third (1/3) of the votes cast in the last Associated Students election. The Associated Students Executive Board shall schedule an election to be held during the semester of receipt of a valid petition. Approval of an initiative measure shall require a two-thirds (2/3) majority of the votes cast. Any initiative approved shall go into effect on the first day of the academic year following the elections.

SECTION 2 Any measure may be submitted to referendum by a two-thirds (2/3) vote of the Associated Students Executive Board. The Associated Students Executive Board shall schedule an election to be held during the semester in which the measure is to be submitted to referendum. Approval of a referendum measure shall require a two-thirds (2/3) majority of the votes cast. Any referendum approved shall go into effect immediately following the election.

SECTION 3 A recall may be proposed by a petition signed by a number of students equal to one-half (1/2) of the votes cast on the last Associated Students election. The Associated Students Executive Board shall schedule an election to be held not more than fifteen (15) instructional days after receipt of a valid petition. Approval of the recall measure shall require a two-thirds (2/3) majority of the votes cast.

Instructional days are Monday through Friday during the semester, as designated by the college according to state reporting guidelines.

ARTICLE XII

Amendatory Systems and Provisions

SECTION 1 Amendments shall be designated as those items which directly or indirectly affect either the intent or scope of those articles within the main body of the constitution.

No amendment to the constitution may conflict with federal laws, the Education Code, or other laws of the State of California, or the regulations of the _____ Junior/Community College District.

Initiative proposals to amend this constitution must meet the requirements prescribed in Article I, Section 10.

Ratification of an amendment shall require two-thirds of all votes cast at a special or general election.

Amendments from general elections shall go into effect on the first day of the academic year following the elections. Amendments from special elections shall go into effect on the first school day following the election or the day specified by the special election.

Copies of proposed amendment(s) must be made available to all registered students at least twenty (20) instructional days before being voted upon.

SECTION 2 A code shall be designated as an area of activity deemed necessary to perpetuate and comply with the purposes of this constitution. It shall contain only ratified statutes.

All codes shall be separate from, but subordinate to, this constitution.

The establishment or amendment of a code shall require at least a one-week postponement and then a simple majority vote of the Associated Students Executive Board for action.

ARTICLE XIII

Enabling Clause

SECTION 1 This constitution shall become effective when approved by a simple majority of the Associated Students Constitution Committee, a simple majority of the Associated Students Executive Board, and two-thirds (2/3) of the votes cast by the Associated Students in the general election, and shall be deemed operational not later than the first day of the summer session, 20____.

Sample ASB Club Constitution at a Community College (Basic)

Club Constitution

Junior/Community College

ARTICLE I

The club shall be called _____

ARTICLE II

The purpose of the _____ Club shall be to _____

ARTICLE III

Any _____ College student shall be eligible for membership.

There shall be no restrictions. Membership shall begin when a person signs the club roll.

ARTICLE IV

The club shall elect a president by a simple majority vote of members present.

The club shall appoint a representative to the Inter-Club Council, in addition to an alternate for that position.

The club may elect any other officers it deems necessary by a simple majority vote.

Various members may also be appointed to be in charge of various tasks as the need arises.

All officers shall serve for _____. Officers may be removed when two-thirds (2/3) of the members present vote to remove them, whereupon only a simple majority will be needed to elect the new officers.

ARTICLE V

The club shall meet _____. Other meetings shall be held if sufficient need exists in the opinion of the members.

Parliamentary authority shall be Sturgis' *Standard Code of Parliamentary Procedure* or *Robert's Rules of Order*. [Note, choose one, Roberts or Sturgis.]

ARTICLE VI

This constitution shall be amendable with the consent of two-thirds (2/3) of the members present at a regular meeting. Any amendment the majority decides on shall be considered an amendment, and the constitution shall reflect that change.

ARTICLE VII

This constitution becomes effective upon acceptance by a majority of the members present at the first meeting.

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Chapter 23 – Sample Budgets

Following are links to downloadable sample ASB budget forms in Microsoft Word format.

[Sample Budget for Community College](#)

[Sample Fundraising Summary – Budget-to-Actual Performance](#)

[Sample ASB Balance Sheet – Community College](#)

[Sample Summary Financial Report](#)

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Chapter 24 – Legal References

California Education Codes Specific to Post-Secondary Community College Education

Public Contract Code

California Penal Code

California Constitution, Article XVI, Public Finance

Revenue and Taxation Code

California Administrative Code, Title 5, Education

California Department of Tax and Fee Administration (for sales and use tax information)

Code of Federal Regulations, Title 7

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Chapter 25 – Sample Board Policies and Administrative Regulations

Board Policy and Administrative Regulations Sources

Transitional Kindergarten through grade 12 school districts and county offices of education often use board policies and administrative regulations developed by the California School Boards Association (CSBA). Community colleges do not have access to a single universal platform for board policies and administrative regulations like those of the CSBA. Colleges do, however, use services provided by the Association of Governing Boards of Universities and Colleges (AGB) and the National Association of College and University Business Officers (NACUBO).

FCMAT Recommended Administrative Regulation – Student Activity Funds¹

Student Activity Funds

Introduction

The following student body accounting information is designed to help college administrators, credentialed/faculty advisors, and clerical personnel ensure compliance with legal requirements, college policies, and good business practices. The basic responsibility for the successful financial operation of the student body organization rests with the administrator responsible for student services. Associated student body activities provide an excellent opportunity for students to learn the fundamentals of good business practices and sound fiscal procedures. Those responsible for student body organizations need to fully understand the proper handling of associated student body funds.

The funds of the student organizations must be accounted for with the same care as all other funds of the college, in accordance with generally accepted accounting principles. All expenditures should be made in accordance with an established system that includes sound internal control procedures and sound accounting practices, and should conform to the policies and administrative regulations of the governing board.

Operation of Student Body Organizations

Any group of students may organize a student body association within the college, with the approval and subject to the control and regulation of the governing board of the community college. Any such organization shall have as its purpose the conduct of activities on behalf of the students, approved by the college authorities, and not in conflict with the authority and responsibility of college officials. Any student body organization may be granted the use of school premises and properties without charge, subject to such regulations as may be established by the governing board of the college (Education Code 82537-82548).

¹ This recommended administrative regulation uses portions of various school districts' administrative regulations regarding student activity funds from their websites and adds information FCMAT has adapted for colleges and considers important for such a regulation.

Approval of College Governing Board

The governing board of any college may authorize any pupil or adult entity or organization to sell food on college premises, subject to policy and regulations of the college (Education Code 76060).

Personnel Responsible for Student Body Activities

Governing Board

The governing board adopts the rules, regulations, and general operating policies necessary to ensure the proper supervision and control of the student body organization's activities. The governing board is especially concerned with sound internal controls, proper administration, financial control, and oversight of ASB activities and transactions. Administration and oversight responsibility should be delegated to those who recognize and employ good business methods and understand the importance of maintaining proper accounting records and procedures.

Administrator Responsible for Student Services

The administrator responsible for student services (e.g., college president or designee, vice president of student services/dean of student services, ASB advisor/student activities coordinator, or program manager) is the general supervisor of all the activities of a student body organization and is a consultant in financial matters of all student body organizations. This individual reviews the general financial structure of the organization and the financial control procedures prescribed. The administrator responsible for student services is directly responsible, with veto power, for student body financial activities and their conformance to established college board policies, administrative regulations, student body bylaws, and other college-approved procedures. The administrator responsible for student services shall assume responsibility for following college board policies, administrative regulations, the ASB constitution and bylaws, college-approved ASB manuals, handbooks, lists of allowable and prohibited activities and transactions, and other procedures implemented by the college business office to provide adequate internal controls and sound business practices. All unresolved ASB questions regarding allowable or prohibited transactions, fundraisers, expenditures, activities, and other items should be resolved by the chief financial officer or designee(s) in the college business office.

Accounting Technician

The accounting technician reviews the student body accounts, including budgets, financial statements, and minutes, and periodically audits the student body accounts to ensure conformity with prescribed procedures.

Club Advisors

Each club advisor for student body club and trust accounts shall be a faculty/certificated employee of the college and shall assume responsibility for following college board policies and administrative regulations, club constitution and bylaws, college-approved ASB manuals, handbooks, lists of allowable and prohibited activities and transactions, and other procedures implemented by the college business office to provide adequate internal controls and sound business practices.

Student Body Bookkeeper

The bookkeeper is responsible to the administrator responsible for student services at the college for maintaining proper financial records in accordance with established procedures. The bookkeeper shall assume responsibility for adhering to the following to provide adequate internal controls and sound business practices:

- College board policies and administrative regulations.
- ASB constitution and bylaws.
- College-approved ASB manuals and handbooks.
- College-approved lists of allowable and prohibited activities and transactions.
- Procedures implemented by the college business office.

The college is responsible for ensuring a sound operation and internal control system for student organization funds. The college's annual audit includes the ASB because the college has responsibility over the internal control system of the entire community college. The ASB bookkeeper is integral to the operation and internal control system; therefore, the bookkeeper is part of the staffing allocation assigned to specific colleges. The college shall support the bookkeeper and ASB operations with the following:

- Computers, printers, accounting software, and office supplies.
- A safe.
- Cash boxes.
- Tamper-evident bank bags and other secure storage.
- Related banking supplies.
- The transport of deposits to the board-approved designated bank.

Associated Student Body Organization

The associated student body organization at each college is made up of the administrators responsible for student services, or designee (the student body advisor), and appointed or elected student body officers. The student council, each student club, advisor, and the administrator responsible for student services or designee are responsible for adopting a budget, approving expenditures, and authorizing fundraising activities. All fundraising activities must be approved by the administrator responsible for student services. The college business department should develop, monitor and improve student organization operations and internal controls as needed to promote the best possible safeguarding of student assets.

Student Council

The student council, as composed and designated by the student body constitution, is responsible for adopting a budget for the student council and ensuring all ASB clubs adopt their own individual budgets. The student council is also responsible for approving expenditures and authorizing fundraising activities for the general ASB and all ASB clubs.

General Regulations for Student Body Activities

So that student body activities may provide the highest form of practical training for students, all student body finances and operations shall be conducted with the highest standards of business ethics and sound internal controls.

General and accounting procedures for the operation of the student body will be followed as detailed in the *Fiscal Crisis and Management Assistance Team (FCMAT) Community College ASB Manual* and college board policy and administrative regulations. If the college develops its own ASB manual, handbook, and list of allowable and prohibited ASB activities and transactions (college ASB manual), and there is a difference between the college ASB manual and the *FCMAT Community College ASB Manual*, the college ASB manual shall prevail.

In addition, the following procedures will be followed:

Finance

The funds raised by the student body are to be spent by and for the students to promote the general welfare, morale, and educational experience of the student body. Student body funds must be used to promote and finance a program of activities beyond those normally provided by the college and its governing board. In general, student body funds shall be expended to benefit the most students currently enrolled in the college where the ASB or club is located.

Timely Deposits and ASB Safe

All funds collected by the student body will be receipted and deposited in the bank in a prompt and timely manner, preferably within two days of receipt, but at least weekly. Any monies that are not immediately deposited shall be secured in a fireproof safe.

Commingled Funds

Individual faculty, advisors, or clubs are not authorized to maintain separate bank accounts for student activities. College funds or funds from school-connected organizations other than the student body are not to be commingled with student body accounts. Only properly organized and approved clubs, class groups, and scholarship accounts may operate under the student body organization chart of accounts.

College Intra-ASB Account

If the business office determines that a college account is needed in the student body organization chart of accounts to facilitate pass-through transactions between the ASB and college (e.g., for transportation cost reimbursements, payroll reimbursements, broken equipment fees, library fines, or test fees), a "Due to/from College" or other similar clearing or pass-through type of account should be considered as follows:

- **ASB Transactions:**

Transactions that are ASB-approved, such as reimbursing the college for ASB activities that require transportation, or payroll reimbursements, are expenditures of the ASB. These costs may be reimbursed to the college through the ASB expenditure preapproval process using a college intra-ASB account or other college business office-approved method.

- **Non-ASB Transactions that Facilitate ASB Fundraising:**

Non-ASB transactions should not be processed through the ASB chart of accounts unless they contribute to ASB fundraising. For non-ASB transactions that do not facilitate ASB fundraising, the college accounting software site budget

account or other non-ASB accounting system should be used (i.e., separate accounting software chart of accounts not used for ASB transactions).

However, the ASB accounting system chart of accounts may be used if the transaction is facilitating fundraising for student activities. To facilitate fundraising, the ASB may charge a 10% fee on non-ASB transactions. This fee is assessed when the college business office determines that the convenience of using the ASB accounting software is necessary to process non-ASB transactions on behalf of the college, such as library fines and test fees. The 10% fee is calculated on the dollar amount of the transactions processed. When the transactions are processed, the ASB totals the amount processed, deducts 10% of the total, and approves the remittance of the remaining 90% to the college business office. When approved, those monies should be sent to the college business office in a timely manner and with appropriate supporting documentation.

Student Council Meetings

Student council meetings shall be held regularly, according to the student body constitution and bylaws, to provide for student approval of all activities, expenditures, and fundraisers.

Positive Account Balance

Each club and trust account must have a positive balance in its account at all times. [The college may choose to add qualifying language that allows for a zero balance at closeout. Negative balances should not be allowed.]

Inactive Clubs/Accounts

The balance of any inactive club or trust account must be transferred to the general reserve of the student body fund, unless before it became inactive the students of the club approved transfer of their balance to another club or class group, or the bylaws of the club contain provisions for what to do with funds upon inactivity. An inactive account is one that has had no activity generated by student body action for 18 months.

Funds in Excess of Carryover Amount

If student body accounts accumulate funds in excess of the allowable carryover amount, a spending plan should be developed to use those funds in the next school year. The purpose of student body funds is to provide programs for the students, who fundraised the monies. Unless funds are being accumulated for an approved multiyear project, no student body funds should be accumulated for more than a year. Students should spend the funds in the same year in which those funds were raised to ensure the students who raised the funds benefit.

Check Criteria

All checks must be prenumbered, have two signatures, and be written only after the proper procedures have been followed. All checks, receipt books, tickets, and other such items are to be properly secured at all times.

Sources of Income

All money-making activities for college student bodies are to be reflected in the minutes of the student council meetings. All events must be approved by the administrator responsible

for student services or designee and must include approval by the student representative and advisor. No faculty member, staff member, advisor, coach, student, or group of students may take it upon themselves to initiate a fundraising activity without seeking the aforementioned approvals. The receipt of any donations of money or materials must be approved by the student council or ASB club or class group and noted in the minutes.

Chapter 26 - Sample Internal Control Reference Checklist

A “No” response to any of the following questions may indicate an internal control weakness. The college should perform a self-evaluation using this checklist, investigate all potential weaknesses, and ensure that controls are put in place so the weakness will no longer result in internal control issues.

This checklist is divided by area; another checklist in [Chapter 5](#) of this manual is divided by job position for jobs with ASB-related responsibilities

General Procedures	YES	NO	N/A	Comments
1. Does the college have comprehensive board policy and administrative regulations that provide rules and regulations for ASB governance and operations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Does the college have a comprehensive ASB manual with detailed procedures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Has the <i>FCMAT Community College ASB Manual</i> been adopted as part of the college’s ASB policies and procedures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. If the college has a comprehensive manual, is it reviewed and updated as needed, at least annually?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
5. Does the update address the areas of concern identified in the previous year’s audit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
6. Does the business office provide annual ASB training for all college employees who work with ASB activities, and does the business office retain a signed and dated training attendance log as proof that employees received training?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
7. Do individuals from the business office periodically (at least annually) visit each campus to provide support and to review the ASB procedures used at the college?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
8. Do school employees and students know whom to call in the college business office if they have questions or concerns about ASB and are unable to get answers at the campus?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
9. Has the business office taken immediate action to correct annual audit findings related to ASB activities? Are the campuses involved in developing action plans to ensure that the findings do not recur?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	YES	NO	N/A	Comments
10. Are the forms, processes and systems for ASB operations standardized collegewide?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
11. Is the ASB recordkeeping computerized? If so, is the accounting software adequate to meet the needs of the college and clubs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
12. Are the financial reports and other items produced by the system user-friendly and informational?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
13. Is the computer on which the ASB accounting software resides user ID- and password-protected?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
14. Is the ASB accounting software user ID- and password-protected?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
15. Are ASB computer and accounting software passwords safeguarded, not given out, and changed periodically?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
16. Are only ASB funds maintained in ASB bank accounts? (ASB bank accounts should not include school-connected organization money or faculty charitable funds).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
17. Is a formal application required from any students who want to establish a new club at the college?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
18. Is each club advisor a certificated/faculty employee of the college?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
19. Are all ASB bank accounts reconciled within two weeks of receipt of the statement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
20. If bank account reconciliations are not performed within two weeks of receipt of the bank statement, is a promise of reconciliation completion date obtained and followed up on to ensure the bank reconciliation is completed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
21. Are all outstanding deposits and checks identified, and are they clearing the bank within a reasonable time? (Deposits should be outstanding for no more than two or three days.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
22. If any journal entries or transfer entries are made, are those entries authorized?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
23. Is there a clear distinction between the student body's income and expenditures and those of the college?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	YES	NO	N/A	Comments
24. Do procedures ensure that club trust funds will not be used to finance general student body activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
25. Is prompt action taken to recover deficits in club trust accounts?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
26. Has the governing board established a policy for disposing of inactive student body organizations' club trust balances?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
27. Is equipment adequately safeguarded, inventoried, and recorded?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
28. Is the board's designee an authorized signatory on all student body accounts?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
29. Is a general ledger maintained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
30. Are all clubs required to prepare and maintain minutes of all meetings, with all necessary items noted?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
31. Are the minutes of each individual club reviewed by the general student council?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
32. Do the minutes contain approval for fundraising activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
33. Are disbursements of student body funds approved item by item, and is this recorded in the minutes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
34. Are the activities of the student body reflected in the minutes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
35. Does every recognized club and the student council have a constitution on file that establishes the policies and rules for student governance of the council or club?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
36. Does the general student council have bylaws in place?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
37. Are accounting controls for the clubs the same as those for the general ASB?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
38. Are student store inventories reviewed periodically?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
39. Are financial reports prepared regularly (at least monthly)? Are they reviewed and included in the ASB minutes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
40. Do employees and students know to report any questionable or suspicious activities to the college business office for investigation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	YES	NO	N/A	Comments
41. Does the college have access to an independent third-party fraud reporting whistleblower website and telephone hotline? Are employees aware of the fraud reporting options?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
42. Is there a fireproof and secured safe at each campus adequate to hold all cash receipts until deposit, as well as cash boxes, check stock and other necessary items? Is access to the safe limited, with a log identifying who has access?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
43. Are all proposed fundraising events approved by the governing board or its designee at the beginning of each school year? Is this list updated throughout the year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Cash Receipts / Fundraisers

	YES	NO	N/A	Comments
1. Are fundraising activities in accordance with those prescribed by the college and approved by the governing board/designee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Are fundraising activities approved by the administrator responsible for student services and by the student council?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Are revenue potentials prepared for each approved fundraiser and completed once the fundraiser is over?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. Do supervisory personnel exercise adequate control over student fundraisers to ensure that the participants are following all college policies and exercising strong internal controls?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
5. Are employees aware of the appropriate internal controls for cash receipts for each type of fundraising event (e.g., tally sheets, prenumbered receipts, and tickets)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
6. Is an adequate stock of supplies for cash receipt control procedures — such as prenumbered tickets and prenumbered receipt books — kept in a safe, locked place?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
7. Is control maintained over tickets, numbered forms, and receipt books when not in use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	YES	NO	N/A	Comments
8. Are details about the number of items received and the unit price recorded on the receipt or other documentation used for cash receipts?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
9. Are all cash receipts from student fundraising activities turned in to the ASB bookkeeper immediately or as soon as possible after the fundraising event? Is the correct documentation turned in with the collected cash, such as reports on tickets issued and other items?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
10. Do two people count the funds raised at the end of a fundraising event, with both individuals signing and dating the fundraising cash collection form?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
11. When individuals turn in cash to the ASB bookkeeper, does the bookkeeper count the cash in the presence of at least one other person? Is an acknowledgment of receipt of the money and the accuracy of the amount signed and dated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
12. Are duplicates of cash count forms kept, as well as all other forms that are part of the financial process?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
13. If a startup cash change box is issued, does the person(s) receiving the change count the startup cash in front of the ASB bookkeeper and do they sign indicating that the amount is accurate?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
14. Are undeposited cash receipts kept in a safe?				
15. Does the ASB bookkeeper record cash receipts promptly when received?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
16. Are bank deposits made within a few days of receipt, or at least weekly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
17. Is a summary or detail of amounts making up the deposits retained to enable a sufficient audit trail?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
18. Are shortages/overages handled as prescribed by established college policy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
19. Are controls in place for the sale of student body cards, including the number of cards issued and the beginning and ending numbers of the cards sold?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
20. Are commissions from vending machine sales received promptly when due?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	YES	NO	N/A	Comments
21. Are the profit and loss statements for the student store reviewed periodically? Are prices adjusted when necessary based on analysis of sales?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
22. Are personal checks prohibited from being cashed from ASB funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
23. If food is sold in the student store, has it been approved by the director of food services?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
24. Are only ASB receipts deposited into the ASB account?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Cash Disbursements / Expenditures

	YES	NO	N/A	Comments
1. Does the business office report the sales and use tax for the student store and other purchases on its sales tax report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Does the business office issue 1099s for all independent contractors paid with ASB funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Are cash balances reconciled with bank balances monthly, and are detailed items listed on bank statements recorded in the ASB's books?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. Are prenumbered checks used for cash disbursements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
5. Are voided checks retained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
6. Are controls established to ensure that expenditures do not exceed budgeted funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
7. Are all expenses approved in advance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
8. Are purchase orders used to show the proper preapproval of all expenditures (before a purchase)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
9. Do purchase orders have the required three approval signatures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
10. Are approved purchase orders, whether voided or not, retained in a file?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
11. Are contracts properly authorized by board-designated signers? Are they kept within established limits?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
12. Are students approving expenditures and making the decisions rather than administrators (e.g., faculty, advisors or coaches) doing so?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	YES	NO	N/A	Comments
13. Do checks require double signatures? Are there backup signers on the account?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
14. Are all disbursements supported by an original invoice and adequate receiving documents?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
15. Are all checks written to a specific payee (vendor or employee), with no checks written to cash?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
16. Is a record maintained of all equipment purchased with ASB funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
17. Are only allowable expenses paid from ASB funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
18. Are ASB funds spent to enhance the general welfare, morale and educational experience of the entire student body rather than just one or two students, individuals, or a specific group?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
19. Are disbursements from petty cash properly supported by vouchers or receipts?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
20. Are the checkbook and the check stock stored in a locked file cabinet or safe?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
21. Is there a process in place to determine whether a worker is an employee or an independent contractor?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
22. Are all employees who perform work for the ASB paid through the college's payroll and then invoiced to ASB?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
23. Is an IRS Form W-9, Request for Taxpayer Identification Number and Certification, obtained from all independent contractors before any disbursements are issued to them?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
24. Do only board-approved employees sign contracts up to the allowed amount?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Financial Reporting

	YES	NO	N/A	Comments
1. Are all bank accounts reconciled monthly? Are they shared and reviewed by the ASB advisor, administrator responsible for student services, and college business office?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Are bank reconciliations initialed/signed and dated as evidence of being reviewed after they are prepared?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	YES	NO	N/A	Comments
3. Are profit and loss statements for the student store prepared and reviewed periodically by the student council, administrator responsible for student services, and college business office?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. Are monthly reports on the financial transactions of various trust and club accounts prepared and submitted to the advisors, administrator responsible for student services, student council, and college business office?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
5. Are periodic financial statements prepared and submitted to the college business office? Are these reports included in the student council minutes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
6. Does the business office receive and review periodic financial statements from the ASB organizations and sign and date that they have reviewed the documents?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
7. Does the student council and each club prepare, adopt and monitor an annual budget?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
8. Does the general student council approve each club's budget?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
9. Is every club and the student council required to prepare a budget for the fiscal year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
10. Is there a policy that dictates how much carryover is allowed for individual clubs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
11. Is spending monitored during the year to ensure that the club will not end the year with a large carryover balance or a negative balance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
12. Is a balance sheet and statement of revenues and expenditures prepared at least at the end of the year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
13. Are all of the student organization's funds and annual financial reports audited annually by the college's independent auditor?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Chapter 27 – FCMAT Online Knowledge Base and Help Desk

FCMAT has answered thousands of ASB-related questions through the years at its [Help Desk](#) and continues to do so. Answers to many of the most frequently asked questions are in a [searchable knowledge base](#) that we encourage users to consult before submitting a question to the help desk.

FCMAT’s knowledge base is intended to be a guide. Each person using the knowledge base should check with their college’s business employees and auditors to be certain that the answers provided complement local college policies and practices.

FCMAT’s help desk is designed to give you guidance and help with school business and operations in California. In our responses, we strive to share our collective expertise and give you the best answers possible, but the responses are not intended as legal advice. If after you get an answer from our help desk or knowledge base page and find that a matter involves interpreting laws, regulations or court precedent, or otherwise requires legal advice, we recommend that you consult your college’s legal counsel before acting.