

## UCSD SUPPORT GROUPS

### I. INTRODUCTION

The University and the Board of Regents are indebted to volunteer groups and non-profit organizations for their invaluable assistance in fundraising, public outreach and other aspects of support for the University's mission. As a public trust and as a beneficiary of these fundraising and outreach activities, the University is obligated to assure that the funds raised and the activities conducted on its behalf meet the required legal and fiduciary standards, and exemplify prudent business practices.

### II. SCOPE

This policy applies to Support Groups as defined in Section III below.

This policy does not apply to:

- A. Student Organizations
- B. Employee Associations or Employee Organizations
- C. UC San Diego Alumni Association
- D. UC San Diego Foundation

### III. DEFINITIONS

- A. UCSD Support Group--any group, organization, foundation, or association, other than the UCSD Alumni Association or the UC San Diego Foundation or those listed in II, (1) whose primary purpose is to provide assistance through fundraising, public outreach, and other support for the University's mission, or (2) whose representatives or activities make the entity indistinguishable from the University itself, or (3) that acts as an agent or intermediary for the University. Support groups must be affiliated with and endorsed by a UCSD department, college/school, or administrative unit to raise gift funds or provide public support for the teaching, research, student service, patient care, and public service programs of the University. Each support group shall be organized and operated so that contributions to it or through it to The Regents or the UC San Diego Foundation shall be deemed tax-deductible contributions under relevant provisions of State and Federal tax law.
  - 1. Unincorporated Support Group: An organization initiated and managed by volunteers on the behalf of the University and engaged in fundraising activities. These organizations place their funds in UC San Diego Foundation or UC Regents accounts. They are formally organized and determine the purposes for the money they raise. As of April 1996, this is the only permissible means of operation of a UC Support Group.

2. Incorporated Support Group: An organization initiated and managed by volunteers on behalf of the University and engaged in fundraising activities that is separately incorporated and has a tax-exempt status. They have a functioning governing board and determine the purposes for the money they raise. For an incorporated group to be recognized, the organization must have incorporated prior to April 1996, as recognized support groups are no longer permitted to be separately incorporated by UC policy.

#### IV. POLICY

A support group, whose purpose is to provide voluntary assistance to the campus (or one of its units) in the furtherance of the University mission, must be officially recognized by the Chancellor. The campus will recognize and administer each of its support groups consistently in accordance with the best interests of the University. Support groups will organize and govern themselves according to UC policy and guidelines.

As a public trust and the beneficiary of the funds raised, the University is obligated to require that the funds raised by support groups be adequately controlled and properly expended in the same manner as if the funds were raised by the University itself. Therefore, the Chancellor has delegated the Support Group Office, Donor Stewardship – External and Business Affairs, to act as campus liaison to support groups and to ensure compliance with campus and system wide policies and guidelines.

#### V. OFFICIAL RECOGNITION GUIDELINES AND PROCEDURES

##### A. Establishing Recognition

1. Support groups must request and receive official and continued recognition from the Chancellor subject to the terms of this policy.
  - a. A request for recognition will be approved when an organization meets the required terms of recognition described below. When an organization does not meet the required terms of recognition or if an organization does not serve the best interests of the University, the Support Group Office will attempt to direct them to an appropriate UC San Diego Department or office to potentially establish the proper relationship with the campus.
  - b. A group that is not officially recognized or loses recognition through failure to comply with this policy is prohibited from representing itself as raising funds or otherwise providing support on behalf of UCSD or any unit thereof, or using the name of the University of California or UC San Diego either expressly or by implication in connection with such activities.
2. Support groups will be established as unincorporated organizations with a volunteer board that carries out fundraising or other activities through The Regents or the UC San Diego Foundation, utilizing the financial and administrative requirements of The Regents or the UC San Diego Foundation.
3. The assets of each support group must be irrevocably dedicated for the benefit of UC San Diego. In the event of a recognized and incorporated support group's dissolution, its assets must be transferred to The Regents or the UC San Diego Foundation for purposes consistent with the terms of the individual gifts and the purposes of the support group.

4. The Support Group Office requires registration and official recognition for the following types of groups:
  - a. Groups outside of UC San Diego staff management or control. These groups are not affiliated with a particular College, Department or Program and are initiated and managed by volunteers, with minimum UC San Diego staff oversight.
  - b. Groups that maintain a bank account not managed by the Regents or the UC San Diego Foundation.
  - c. Groups that engage in fundraising activities, even though they have oversight by UC San Diego staff and have an association with a College, Department or Program of UC San Diego. These groups must work in close association for their fundraising purposes, with a development officer, program administrator, department or division head or other designated personnel of the university.
5. The following groups are not required to register annually but are required to be listed on the Chancellor's annual report to the President. The Support Group Office monitors these groups through their close affiliations with Development Officers, Program Administrators and other designated university personnel.
  - a. Donor Giving Club: An organization initiated and managed by University staff or faculty or administration for the purposes of cultivating donors. Gifts are based on established dollar levels. These organizations are informally organized and may have a President/Board which is largely UCSD staff directed. Meetings are social and informative and are considered a benefit provided to donors who give at varying levels of membership.
  - b. Advisory Group: A volunteer group that has been organized to provide advice to a College, Department or Program, UC San Diego Administration, or faculty and staff but does not engage in fundraising.
  - c. Non-Support Group: A program, subsidiary, or external organization not considered a support group and not engaged in fundraising activities specifically for the benefit of the University. These groups are required to seek written exception status from the Chancellor, through the Support Group Office for any purposes of fundraising associated with a Department, College or Program. They must have direct oversight by a development officer, program administrator, department or division head or other designated personnel of the university.
6. All groups acknowledge that UC San Diego via the Support Group Office may, at its discretion, determine that any group, even if not previously registered, must officially register and be formally recognized as a Support Group in order to continue its activities.
7. Procedure
  - a. Those requesting recognition or identified by the Support Group Office as requiring official support group status shall submit an official support group application and all required documents to the Support Group Office, External and Business Affairs. An on-line application is available on the Support Group website. A hard copy application can be downloaded from the support group website. See Exhibit B for a list of required documents.

- b. Draft bylaws or governing documents will be reviewed by the Support Group Office for required compliance language. Draft Bylaws or governing documents will be submitted for approval of the Chancellor.
- c. Support Group Office will review the application and all required documents for completeness and compliance. A Support Group Policy Compliance Sheet is prepared indicating compliance with the general and specific requirements for official recognition.
- d. The Support Group Office prepares a written recommendation to the Chancellor for official recognition. The recommendation and supporting documents are routed for review and approval by the Chancellor.

## **B. Sustaining Recognition**

To maintain its officially recognized status, a support group must comply with the provisions of this policy and submit annually to the Support Group Office - External and Business Affairs:

1. All documents listed under **Exhibit B**.
2. If applicable, a list of all external bank accounts including the purpose of the account, financial institution name and address, account number(s), associated taxpayer ID number, and statement authorizing designated University personnel to receive account information and records; and monthly account statements for the fiscal year.
3. A report of the activities of the organization during the preceding fiscal year (July 1- June 30).
4. A financial report for the preceding fiscal year.
5. Any changes to the support group's structure, purpose, goals, or enabling documents (i.e., bylaws, constitution, articles of incorporation, or other governing document).
6. A statement listing University resources and percentage of staff time that will be needed by the support group.

## **C. Revocation of Recognition**

1. Official support group recognition may be revoked if an organization does not meet the required terms of recognition, or if the Chancellor determines in his/her discretion that an organization does not serve the best interest of UC San Diego.
2. Once official recognition has been revoked, the support group may no longer use the University's name, facilities, equipment, support staff, or other resources. If the support group fails to cease activities, Campus Counsel shall take such legal actions as may be necessary.

3. Procedure

- a. If a support group does not comply with this policy, the Support Group Office shall issue a written notice requiring the support group to comply within a designated time period. In the event a support group fails to comply within the specified time period, the Support Group Office will contact the offices of Campus Counsel and/or Audit & Management Advisory Services (AMAS) to begin investigative processes and/or issue a legal opinion to the Chancellor relating to support group determination, support group policy and compliance. The Chancellor upon review of AMAS and/or Campus Counsel findings may revoke the official Support Group recognition.
- b. Upon revocation of recognition, the assets of the support group shall be transferred to The Regents or the UC San Diego Foundation, as designated by the Chancellor for purposes consistent with the terms of individual gifts and purposes of the support group. In the event the support group fails within 60 days of loss of recognition to transfer its assets, Campus Counsel shall take legal action as may be necessary to compel the transfer.

**VI. SUPPORT GROUP STANDARDS**

**A. Organization**

1. Each support group's operations shall be conducted and managed by its governing body, as set forth in its statement of purpose, goals, or enabling documents. These documents shall include the following clauses:
  - a. The Chancellor (or designee) and the head (or designee) of the sponsoring department are ex officio voting members of the governing body.
  - b. In the event of dissolution, or if a support group elects to become a non-recognized organization, its assets shall be transferred within 60 days to The Regents or the UC San Diego Foundation, as designated by the Chancellor for purposes consistent with the terms of the individual gifts and purposes of the support group.
  - c. The UC San Diego Foundation Chief Financial Officer, University Auditor, and UCSD Internal Audit shall be authorized to receive from any financial institution with whom the support group maintains accounts any information, records, or photocopies of transactions related to the accounts that the University may at any time request from the financial institution.
  - d. The Chancellor (or designee) may review all records and documents of the support group at any time upon request.
  - e. In compliance with the policy of the University of California, the organization may not discriminate on the basis of race, color, national origin, religion, sex, sexual preference, handicap, age, or marital status. This nondiscrimination policy covers membership selection, activities, policies and practices of the organization.

f. In compliance with the University's Conflict of Interest Code, trustees, directors, officers, staff members and volunteers of the organization shall disqualify themselves from making, or in any way attempting to use their official positions to influence a decision in which they have or would have a financial interest. Business transactions involving the organization and the personal or business affairs of any trustee, director, officer, staff member or volunteer shall be approved in advance by formal action of the organization's governing body.

2. A support group shall operate as an unincorporated organization that instructs all donors to make charitable donations directly to The Regents or the UC San Diego Foundation solely for the benefit of the University programs/departments for which funds are donated.

A tax-exempt organization incorporated prior to April 1996 may receive official recognition when the following conditions are met:

- a. The group has ongoing recognition in good standing as a tax-exempt entity under State and Federal income tax law so that contributions made to it will be tax-deductible, charitable contributions.
- b. The organization is responsible for properly issuing receipts to donors and acknowledging charitable gifts as stipulated by applicable tax law and/or services provided to the donors in connection with their gifts.
- c. The group maintains liability and other insurance as necessary in an amount appropriate to the organization's activities.
- d. Subsequent to April 1996, no separately incorporated group may receive recognition, as policy prohibits it. The group must either formally dissolve or not function as a support group.

3. A support group shall not directly or indirectly employ or supplement the salary of, or provide any consultant fees, loans, or perquisites to, any University employees outside of the established University personnel policies and practices. A support group may establish a gift fund with The Regents from which University employees may receive payments, initiated by the campus department, in accordance with University personnel policies and practices.

4. Privileges granted to officially recognized support groups are listed in **Exhibit A**.

## **B. Activities**

1. Courses, lectures, and seminars

Support groups may not offer continuing education courses, but may assist in the administration of continuing education courses sponsored by academic departments when financial transactions are handled through University accounts. General interest lectures or seminars may be held.

## 2. Research projects

Contracts, grants, clinical trials, or specific research projects funded by external sponsors must be entered into directly by the University and the research sponsor, and not through a support group. Gifts designated for a specific research project or a specific researcher, or otherwise intended to support research activities, may be made only to The Regents or the UC San Diego Foundation and must conform to applicable University policies and procedures, thus enabling the University to comply with the State of California Political Reform Act, which requires disclosure by a faculty member of any financial interest in the donor. A support group may not be used as a vehicle to avoid these requirements.

## 3. Endowments

Endowments may be held only by The Regents or the UC San Diego Foundation. Therefore, a support group may not hold and invest endowment funds for the benefit of the University, The Regents, or the UC San Diego Foundation. Unincorporated support groups can accept endowments only in the name of The Regents or the UC San Diego Foundation. The terms of all endowments must be reviewed with the Assistant Vice Chancellor, Advancement Services - External and Business Affairs prior to formal acceptance.

## 4. Fundraising

- a. Only officially recognized support groups may conduct fundraising activities in support of the University's mission.
- b. Fundraising campaigns or solicitations for the benefit of the University shall be approved in advance by the Chancellor, the UC San Diego Foundation, the President, or The Regents, or designee, as appropriate under University and campus policies.
- c. All fundraising activities of a UCSD Support Group, including membership fees and solicitations, shall be coordinated with the appropriate unit/office and the Support Group Office.
- d. Gift funds received by a tax-exempt recognized support group that are intended to benefit the University or a specific department or program must be transferred to The Regents or to the UC San Diego Foundation as follows:
  - (1) Funds must be transferred at least quarterly, or at any time the gift account balance exceeds \$100,000.
  - (2) Gifts for an endowment must be transferred within five working days.
  - (3) The transfer shall be accompanied by a transmittal letter attesting to the donor's explicit intentions along with the original gift correspondence from the donor. The support group shall retain a copy.
- e. A support group shall not attach any additional terms, conditions, restrictions, reporting requirements, intellectual property rights, or other conditions to a gift without prior written approval of the Chancellor.



- f. A support group shall not engage fundraising consultants or personnel without the approval of the Chancellor and the support group governing board. If approval is granted, the full cost of such fees shall be borne by the support group.
  - g. The University and/or UC San Diego Foundation retain the authority to accept or reject gifts and transfers of funds from support groups.
- 5. Gift solicitations
  - a. Donors must be advised that restrictive terms attached to gifts designated for the benefit of the University are subject to University approval. The University and the UC San Diego Foundation retain the authority to accept or reject gifts and transfers of funds from support groups. Support groups may not attach additional terms, restrictions, reporting requirements, intellectual property rights, or other conditions to a gift without prior written approval of the Chancellor.
  - b. Support groups shall instruct donors to make gifts directly to the University, payable to The Regents or the UC San Diego Foundation.
  - c. Gifts made payable to The Regents shall be deposited directly into the appropriate gift account and reported on the University ledger. Gifts made payable to the UC San Diego Foundation shall be deposited directly into the foundation account and recorded on the Foundation ledger. Gift funds shall not be deposited into a separate support group bank account.
  - d. Support groups shall not solicit or accept planned gifts (e.g., gifts of trust or life insurance). All planned gifts must be given directly to The Regents or the UC San Diego Foundation.
    - (1) Bequests that are to be a qualified charitable contribution may be received only by The Regents, the UC San Diego Foundation, or a tax-exempt organization.
    - (2) Incorporated tax-exempt support groups may accept bequests only if they immediately notify the General Counsel upon receipt of initial notice of the bequest.
    - (3) Bequest distributions for endowments must be transferred to The Regents or the UC San Diego Foundation within five working days.
  - e. Support groups may not solicit or accept deferred gifts (i.e., estates, bequests, trusts, life insurance, real tangible property).



- f. Donors must be advised of administrative costs or gift fees charged to gifts or income either by a support group or as a result of UCSD policy.

- (1) A support group may not charge gift processing fees or other charges against its gifts except as documented and approved in writing in advance.

- (2) If charges against restricted gifts or income are to be made for costs of administering a gift to the support group, the support group shall include in its literature a statement to that effect.

- 6. Advocacy

A support group is prohibited from participating in any political campaign on behalf of any candidate for public office. However, advocacy on behalf of the University is permitted if it is consistent with the legislative, budgetary, and electoral objectives of the University, if it is performed in conjunction with the University, and if the support group receives formal written approval from the Chancellor. Under these conditions, a support group may attempt to influence legislation on behalf of the University, provided that it is not a substantial part of the support group's activities.

- C. Financial administration

- 1. The financial activities of a support group shall be administered in accordance with prudent business practices and generally accepted accounting principles. Practices relating to cash-handling shall be instituted per UC cash-handling procedures for support groups (Appendix I).
- 2. Support groups shall operate on a fiscal-year basis commencing each July 1 and ending each June 30.
- 3. Support groups shall provide an accounting record for each fundraising campaign, including revenues, expenses, and net income, to the Support Group Office.
- 4. Business transactions involving a support group and the personal or business affairs of any support group trustee, director, officer, staff member, or volunteer shall be approved in advance by the governing board. The Chancellor must be notified in writing when such an occurrence transpires. Additionally, trustees, directors, officers, staff members, and volunteers of a support group shall disqualify themselves from making, participating in making, or in any way attempting to use their official positions to influence a decision in which they have or would have a financial interest.

5. Membership dues

- a. A support group may recruit members and collect dues for the financial administration of the organization.
  - (1) Membership dues that are not gifts must be deposited into a Regents' agency account or departmental account, unless written permission is obtained from the Chancellor to maintain a bank account.
  - (2) Only payments relating to administrative costs such as office supplies, stationery, membership mailings, or group-sponsored events may be expended from membership dues.
- b. Non-gift membership dues assessed by a support group are limited to a reasonable amount per individual per year. The amount of membership dues to be assessed must be submitted annually with the support group registration materials.

6. Accounts with financial institutions

- a. With the written approval of the Chancellor, an unincorporated non-tax-exempt support group may maintain a single bank account that shall not exceed \$10,000, solely for non-gift revenue (e.g., membership dues).
  - (1) Income from this account may be expended solely for the benefit of membership (e.g., meetings, social events).
  - (2) Balances in excess of \$10,000 shall be transferred as an unrestricted gift to The Regents or the UC San Diego Foundation within 20 working days.
  - (3) Monthly account statements shall be forwarded to the campus department of the support group operations when the account balance exceeds \$5,000.
  - (4) The Chancellor may approve, in writing, maintenance of accounts in excess of \$10,000 when maintained for a specific project.
- b. Support groups are prohibited from using the tax identification number of the University, UC San Diego Foundation, or any other campus entity when opening an account with a financial institution. The Support Group Office shall be given, in writing, the tax identification number used by the support group as soon as it is obtained from the IRS.
- c. Support groups may not borrow funds or otherwise incur indebtedness.
- d. All checks in excess of \$1,000 drawn on external bank accounts require two signatures by members of the support group's governing body. (Appendix I)
- e. Support groups may have current expenditure funds invested in certificates of deposit or other interest-bearing instruments. Support groups may not invest funds as endowments.

**D. Audit**

1. Support groups shall permit the President, the Chancellor, the University Auditor and/or UCSD Internal Audit to inspect and audit their books and records, as well as those of their financial institutions relating to their accounts, upon request.
2. Support groups shall permit the University Auditor and UCSD Internal Audit to review directly all bank account records.
3. Support groups shall maintain a conflict of interest policy no less stringent than that of the University [Conflict of Interest Code](#).
4. Separately incorporated support groups are responsible for compliance with all regulatory agency rules and regulations.

**VII. RESPONSIBILITIES****A. Support Group Office**

Designated by the Chancellor to serve as liaison to Support Groups and ensure their compliance with campus and systemwide policies and guidelines. Work with development officers, program administrators, department or division heads and other designated personnel to determine any groups affiliation and reporting responsibilities to the University. Prepare draft reports for the Chancellor for required Presidential reporting.

The general administrative responsibility for coordination of UCSD Support Group activities and for implementation of these policies, except as otherwise provided herein, is a responsibility of the Support Group Office, Donor Stewardship, UCSD External and Business Affairs. Among these administrative responsibilities are:

1. To maintain a central file of the enabling documents and amendments thereto, annual statements, and all other requirements related to each UCSD Support Group.
2. To maintain and publish annually a list of all officially recognized support groups.
3. To provide to the Chancellor an annual list of recognized UCSD Support Groups and confirm that these organizations are following the appropriate administrative guidelines.
4. To maintain a control record, which includes the information listed in VI.B., of all accounts with financial institutions approved pursuant to this policy and to forward a copy of such control record to the Director of Financial Controls and Accountability, UC Office of the President, by February 15 of each year.

**B. Support Groups**

Serve a primary purpose to provide assistance to UC San Diego through fundraising, public outreach, or other support for the University's mission of teaching, research, student service, patient care, and public service. Conduct business per all applicable UC, UC San Diego, State and Federal policies, guidelines, and laws.

- C.** Development Officers, Program Administrators, Department or Division heads and other designated personnel

Are responsible to identify any volunteer groups or organizations that are created for the benefit of their department, division, college or program(s). This includes the creation of membership and sponsorship organizations where gifts are given based at a gift level or gift category. All Advisory Boards of a department, division, college or program(s) must be identified.

- D.** Chancellor

The Chancellor, through the Support Group Office, shall forward a support group report for the previous fiscal year to the President by February 15 each year. The report shall include a numerical report and annotated list, including name of group and dues schedule, based on the following categories:

1. Entities in compliance or substantial compliance.
2. Entities in compliance but operating under exception agreements.
3. Entities with compliance pending.
4. Entities applying for support group status.
5. Entities pending dissolution.
6. Entities affiliated under an approved operating agreement.
7. Entities moving to an operating agreement.
8. Entities requiring support group determination.
9. Entities known to be out of compliance.
10. Total number of support groups.
11. Campus-administered programs.
12. Inactive groups that may resume support group activities.

## **VIII. EXCEPTIONS**

Requests for exceptions to this policy shall be submitted in writing to the Support Group Office. The request will identify the specific exception being sought and why the exception is necessary. The Support Group Office will forward exception requests to the Chancellor for approval. Exceptions that void or liberalize the requirements for accounts with financial institutions are prohibited.

## **IX. REFERENCES**

- A.** UC Office of the President: [Policy on Support Groups, Campus Foundations, and Alumni Associations, 9/15/95, amended 9/22/05.](#)
- B.** UC Office of the President: [Administrative Guidelines for Support Groups, 1/9/04.](#)
- C.** [Cash-handling Procedures for Support Groups, Appendix I](#)
- D.** [Conflict of Interest: http://www.ucop.edu/ogc/coi/text.html](http://www.ucop.edu/ogc/coi/text.html)
- E.** UCSD Policy and Procedure Manual:
  - 1. [PPM 510-1, Section V – A, Use and Reservation of University Properties and Event Arrangements.](#)
  - 2. [PPM 510-1, Section XII, Posting of Information.](#)
  - 3. [PPM 510-10, Use of the University's Name, Seal, and Other Trademarks](#)
- F.** UCSD Support Groups Website: <http://www-er.ucsd.edu/supportgroups/>

## EXHIBIT A PRIVILEGES

Officially recognized support groups are granted the following privileges:

1. Use of the name of the University of California, San Diego, or an abbreviation thereof, as part of the organization's name, with the approval of the Chancellor. [\(PPM 510\)](#)
2. Access to reservable University properties in accordance with [PPM 510-1, Section IV](#).
3. Use of the campus mail system.
4. Right to post and exhibit materials on campus in accordance with [PPM 510-1, Section XII](#).
5. Conduct fundraising activities, with approval of the Chancellor (or designee).
6. Use of University service departments, through the organization's unit affiliation.
7. Staff and operational support, through the unit affiliation.
8. Financial services from Accounting & Financial Services, through the unit affiliation and with appropriate approvals.
9. Funding allocations, through the unit affiliation.

## EXHIBIT B      Documentation Required for Recognition Application and Renewal

1. A current list of officers, board of directors (if any), and principal contact person.
2. A statement of the organization's purpose, goals, and enabling documents (i.e., bylaws, constitution, articles of incorporation, or other governing documents). If the group has previously applied for and been denied recognition, changes to these statements and documents since the last application shall be included.
3. A signed statement by the officers/representatives stating that the board of directors (or governing body) has read and formally voted that it will comply with this policy and all other applicable University policies. ([UC Policy on Support Groups, Campus Foundations, and Alumni Associations, 9/15/95, amended 9/22/05, UC Administrative Guidelines for Support Groups, 1/9/04](#))
4. A written statement of concurrence by the Dean, Vice Chancellor, or UCSD director whose unit will be the recipient of the organization's support. The withdrawal of this endorsement at any time may be cause for revocation of recognition.
5. A list of the organization's planned activities (including fundraising and membership drives) and financial support for these activities.
6. A current roster of names and addresses of donors and amounts of contributions, and members upon the request of the Support Group Office.
7. A signed statement by the officers/representatives stating that the organization's cash-handling practices are in conformance with UC policy. ([Administrative Guidelines for Support Groups, Appendix I.](#))
8. Tax-exempt organizations shall provide all items above and:
  - a. The governing body of a tax-exempt support group with gross annual revenues less than \$200,000 shall provide a copy of the organization's annual IRS Form 990 and financial statements concurrent with IRS filing.
  - b. The governing body of a tax-exempt support group with gross annual revenues between \$200,000 and \$1,000,000 shall contract and pay for an annual review of its financial statements prepared by a reputable, independent accounting firm acceptable to the University. Such a review shall be completed within 180 days of the end of the fiscal year.



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- c. The governing body of a tax-exempt support group with gross annual revenues in excess of \$1,000,000 shall contract and pay for an annual audit for the fiscal year. Such an audit shall be completed within 180 days of the end of the fiscal year and shall:
- (1) Be conducted by the University's external auditors; or
  - (2) Be conducted by a reputable, independent accounting firm, in which case the letter of engagement with the support group shall have the express written approval of the Chancellor and the University Auditor; and
  - (3) Include an opinion on the financial statements of the support group prepared in accordance with generally accepted accounting practices as applicable to the support group and a supplementary statement from the auditors to indicate that the support group was in compliance with the Policy and these Guidelines; and
  - (4) Include a management letter addressed to the appropriate members of the support group's governing body conveying audit findings and recommendations, as well as management's response to the audit findings and recommendations; and
  - (5) Include any written communications with the support group's governing body pursuant to auditing standards.

## **APPENDIX I: CASH-HANDLING PROCEDURES FOR SUPPORT GROUPS**

All support groups with accounts maintained by the University or the Campus Foundation shall comply with the [Policy for Handling Cash and Cash Equivalents \(BUS 49\)](#).

Each support group that maintains an account with any form of financial intermediary (i.e., an account other than a University- or Campus Foundation-managed agency account) shall conform to the following provisions:

1. Maintain written evidence of approval from the Chancellor (or designee) to hold a specific account.
2. Obtain and maintain its own taxpayer identification number.
3. For non-tax-exempt organizations using an outside bank account, establish only a single demand-deposit (i.e., checking) account.
4. For tax-exempt organizations, limit outside bank accounts to two demand-deposit (i.e., checking) accounts at a single financial institution, one exclusively for membership dues transactions, if appropriate; the second for receipt of gifts and non-membership related transactions. Savings, money market or equivalent accounts in the same institution are permissible so long as: (a) the principal is not put at risk (e.g., an account must be insured); and (b) the funds are not invested for a fixed duration that would interfere with meeting the transfer requirements. Gift funds must be transferred to the University or to the Campus Foundation according to the schedule set out in the Administrative Guidelines for Support Groups (Sections IV.A.4 and IV.A.9).
5. Maintain a written record of authorized check signers. Such authorizations shall be approved by the governing board (if any), and any changes to the list of authorized signers shall be made on a timely basis.
6. Assure that bank statements are delivered directly by the bank to an identified individual who is not an authorized check signer or who does not prepare checks for signature, and who is responsible for promptly reconciling the account each month.
7. Assure that the monthly bank reconciliation statement is reviewed on a timely basis by an individual who accepts ultimate responsibility for the organization's funds.
8. Establish written cash receipting and depositing procedures.
9. Require two signatures on all checks in excess of \$1,000.
10. Establish a mechanism to recognize in a timely manner when accumulated cash meets the requirement for transfer to the University.