Institutional Trust Funds

East Carolina University
Financial Services, MS 203
120 Reade Street

Sherrilyn Johnson, Financial Director -
Institutional Trust Funds/Foundations

Who We Are

Institutional Trust Funds Office
Financial Services
120 Reade Street

a.k.a. Special Funds

Accountants:
Cathy Laney  Stephanie Mele  Lisa Ross

http://www.ecu.edu/cs-admin/financial_serv/specialf/index.cfm
What are Institutional Trust Funds?

- Are established at the University level by authority of Chapter 116, Article 1 of the General Statutes
- Are set up for specific business purposes as determined by the approved Fund Authority, and in compliance with UNC-FIT and University guidelines
- Are NOT state appropriated
- Are NOT for personal benefit

Trust funds may be established for:
Under G.S. 116-36.1

1. Institutional Trusts including
   - Gifts, devises, or bequests
   - To support extracurricular activities of students
   - Self-supporting auxiliary enterprises
   - Scholarship funds or student activity programs
   - Fees for services under contract with a hospital or other health care provider
   - Net proceeds from disposition of real property
2. Overhead receipts / F&A
3. Endowments
4. Debt proceeds, reserves
Trust funds may be established for:
Under G.S. 116-36.2

5. Special funds
   - Agency funds
   - Intercollegiate Athletics

Institutional Trust Funds Not in our Range:
- Federal or non-federal contracts, grants, and agreements {Office of Grants & Contracts}
- Fees for services of healthcare professionals {ECU-P}

Operation and Use of Trust Funds

- Need to maintain a positive cash balance
- Must be used as documented on the approved Fund Authority
- Must follow ECU spending guidelines, and comply with UNC-FIT and the General Statutes
- Requires VC approval to establish
- Changes in scope, purpose, source of revenue, organizational code, etc. must be reported to the ITF Office
  - Requires an updated Fund Authority
  - A new fund may be required
- Revenue matched with associated expenses
A Closer Look at the Types of Institutional Trust Funds

- Institutional Trust Funds
- Overhead/Indirect Cost Funds
- Auxiliary Funds
- Restricted Funds
- University Endowments

Institutional Trust

- Begin with 141xxx
- Must be expended in accordance with approved fund authority form, University policies, and UNC-FIT guidelines
- Examples
  - Royalties
  - Student activity programs
  - Service centers if self-supporting (not captured in Auxiliary range)
Institutional Trust - Residual Funds

- Begin with 143xxx
- 143xxx are residual balances transferred from grants
- Expenditures must be research related
- Established at college or division level unless a large dollar amount

Overhead/Indirect Cost

- Begin with 120xxx
- Indirect cost earned from grants
- No other funding should be deposited or transferred into these funds
- Expenditures must be research related
- Established at college or division level
Auxiliary Funds

- Begin with 31xxxx
- Includes student auxiliaries, institutional auxiliaries, and service center operations
- Self-supporting entities
- Examples
  - Parking and Transportation
  - Student Health Center
  - Housing and Dining
  - Student Stores

Other Institutional Trust Funds

- Restricted funds and Endowments
- Begin with 23, 24, 27, 2E, 6C, 6R
Creating a Trust Fund

If the activity meets the criteria for a trust fund:

- Submit a Trust Fund Request form and a Fund Authority form to the ITF Office with the appropriate signature approvals
- If prompted, complete a Sales Activity Questionnaire
- A letter along with a copy of the approved Fund Authority form will be sent to the person responsible for the fund once the ITF Office has set up the fund

Stephanie Mele 737-1143

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Updating a Trust Fund

- Orgn changes, responsible party changes, purpose, source of revenue
- Submit a revised Fund Authority form with the changes and appropriate signature approvals to the ITF Office
- A copy of the approved Fund Authority form will be sent to the person responsible for the fund once the ITF Office has made the changes

http://www.ecu.edu/cs-admin/financial_serv/specialf/index.cfm
Matching Concept

Revenues must be matched with the associated expenses.

Revenue-generating Funds should not be set up in the ITF range if the expenses/resources used to generate that revenue are paid from State or other Funds.

Salary and Benefit Budgets

- Permanent salary and matching benefits are budgeted on ITF funds
- Loaded into Banner Finance beginning of fiscal year by ITF Office
- Budgets should include all positions whether filled or vacant
- Position Change Forms are required for all permanent positions
Looking at Funds in INB

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Title</th>
<th>Adjusted Budget</th>
<th>YTD Activity</th>
<th>Commitments</th>
<th>Available Balance</th>
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Net Total: 150,180.11  -14,062.05

ITF Cash Balances

- Departments should monitor frequently
- Should **ALWAYS** have a positive balance
- Does not include payments in process or deposits in transit
Looking at Cash Balances in INB

Personnel Actions

- PCFs are required only for permanent positions that are funded or partially funded on ITF funds and should be routed to the ITF/Special Funds approval queue
- ITF Office must approve all EPAFs on ITF funds including students, GA's, and Post Docs
- Payroll Redistributions that debit an ITF fund should be approved & posted by the ITF Office

Contact:
Lisa Ross 737-1403
Journal Entries/Interdepartmental Transfers

- Must meet UNC-Fit guidelines
- Must verify the amount and have a valid business purpose
- Documentation required that supports the transaction
- Examples include Banner screen prints, a copy of an invoice, a report, or an email
- Accounting staff and/or auditors should be able to clearly understand the purpose of the transaction

JE/IDT Continued

- Preparer must sign or type his/her name and initial beside it
- Approver must sign his/her full name
- Preparer cannot be the approver
- Preparer cannot sign as the approver on behalf of someone else
Auxiliary Overhead Charges

- Often referred to as administrative fees
- Are applied to auxiliaries and select trust funds
- Why? Areas receive considerable services from Materials Mgmt, HR, ITCS, and Financial Services beyond which the University receives State appropriation

Auxiliary Overhead Charges

Rates

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<th>Services</th>
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Based on prior year's expenses, excluding transfers

Charge posts annually in the Fall
### Looking at Fees in INB

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Net Total: $156,140.11

Based on prior year expenses

### Drill Down on 82252 Line INB

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Calculating Auxiliary OH Charges

Total Expenses $3,615.64
Less Transfers (29.92) Expenses 3,765.72
Auxiliary OH Rate x .0175 Auxiliary OH Charge $66.25

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<th>Account Type</th>
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Net Total: 108,649.70 3,815.64

Worker’s Compensation Fee

- University maintains a pool account for supporting non-state worker’s compensation claims
- Charge is based on the amount of prior year’s salary expenditures (not including benefits)
- Charges post in the Fall of every year
- Worker’s Comp rate has remained .2% for several years, but is subject to change based on actual claims
### Worker’s Compensation Fee

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<th>Account</th>
<th>Type</th>
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**Net Total:**

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### Calculating Worker’s Comp Fee

- **Total Salary**: $141,464.22
- **Worker’s Comp Rate**: X .002
- **Worker’s Comp Charge**: $282.93

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[Diagram of budget spreadsheet]
Conferences, Workshops, Extension Education

- Registration fees collected for Conferences, Workshops, or Extension Education should be processed through State funds-111103

- Extension instruction and public service activities

- Prior to UNC-FIT, these types of funds were set up in the ITF range; Please contact our office for guidance on transitioning to State 103 funds

Contact
Stephanie Mele 737-1143

Conferences, Workshops, Extension Education

- Fees should be deposited as a revenue (account begins with 5)

- Defray costs of event

- Goal should be to break even not to make a profit
Conferences, Workshops, Extension Education

- Food and other non-state allowable items can be provided if the fee is inclusive of these costs
- Fee cannot consist exclusively of meal expenses
- These items CANNOT be processed directly through State funds
- Processed through a clearing fund in Institutional Trust Funds

Conferences, Workshops, Extension Education

Charge the expense to

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<td>PROG</td>
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</table>
Conferences, Workshops, Extension Education

Prepare an ID transfer to move revenue from the State to the Clearing Fund to cover the expense

111103  Dept ORGN  5XXXX  0000   D
141700  Dept ORGN  5XXXX  0000   C

The amount transferred should be the exact amount of the expense

Conferences, Workshops, Extension Education

Send both the payment and ID transfer to:
Institutional Trust Funds Office
Financial Services Bldg
Mailstop 203
Restricted Institutional Trust Funds

Funds begin with:

23 – Scholarships

24, 25, 27 – Departmental use and some Scholarships

Cathy Laney 737-1138

University Endowments

Funds begin with:

6C – Corpus (cannot spend)

6R – Restricted Earnings (cannot spend)

2E – Expendable Fund

The Endowment Board determines percentage of earnings transferred annually.
Scholarships

Due Dates:

- Fall/Spring: April 30
- Spring Semester only: October 1
- All Summer Scholarships: April 1

- New ITF Scholarship form and procedures can be found on ITF webpage:

Cathy Laney 737-1138

What to Expect from the ITF Office?

- Budget office for Institutional Trust Funds
- Items that require budget approval
  - Journal Entries/IDT’s
  - Personnel Actions
  - Direct Pays
- Create, Update, and Maintain all funds in our range
- Load salary and benefit budgets annually
- Process Admin Overhead charges and Worker’s Comp fees annually
- Analysis and Reporting
- Enforce General Statutes, Legislation, and University Guidelines
What Can We Do For You?

Please feel free to call us with any questions or concerns....

We are here to offer guidance and support

Contacts

Cathy Laney
- Endowments
- Scholarships
- Distinguished Professorships

737-1138
laneyc@ecu.edu

Stephanie Mele
- Journal Entries
- Budget/Financial information
- Fund Set-up/Maintenance

737-1143
meles@ecu.edu

Lisa Ross
- Personnel actions
- Payroll redistributions

737-1403
rossli@ecu.edu