When to Establish a Trust Fund or Special Fund

Each new trust fund must be approved by the Controller or their designee. The following conditions must be present to establish an institutional trust fund or special fund:

- The monies (assets) to be placed in the trust fund must meet the criteria as institutional trust funds or special funds.
- The monies may be generated in the course of performing departmental research and public service activities that are not State supported. Detailed periodic accounting reports are not required by external organizations or agencies (such as the Federal government).
- All costs associated with the generation of revenue must be matched with that revenue whether by direct payment of the expense or, if appropriate, by reimbursing another fund that originally incurred the expense.
- A trust fund should be requested when the anticipated funds qualify under the conditions above.

Requesting a Fund

A fund should be requested when monies are anticipated that qualify under the conditions outlined above. Additionally, trust funds must fit clearly in one of the following categories with respect to sources of receipts.

- Gifts, devises and bequests
- Contracts and Grants (Requests for trust funds of this type are processed through the Contracts and Grants Office-Post Award tracts and Grants)
- Collections to support the extracurricular activities of students
- Self-Supporting Auxiliary Enterprises - (must complete Sales Activity Questionnaire)
- Overhead Receipts
- Intercollegiate Athletics
- Agency Funds

Sources of significant amounts should not be combined except by type of revenue and purpose of fund. For example, revenue obtained through gifts should be placed in a separate trust fund from revenue generated by contractual services.
Creation of a trust fund which will result in the sale of goods and services must comply with provisions of the Umstead Act. Contact the Controller's Office for additional instructions for this type fund.

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**Submitting a Trust Fund Request**

- Complete the Fund Authority Form requesting the new fund
- Retain a copy for departmental reference
- Submit the original to the University Controller's Office for pre-audit and processing

Each trust fund request is examined carefully and must contain the following information about the proposed fund:

- Description of source of funds and pertinent data or correspondence related to source and purpose
- Purpose of the fund, how it is to be used, in support of what activity or function
- Any restrictions on the types of expenditures allowed
- Any time limits or other information pertinent to the continued existence of the fund
- Name of person authorized to spend the monies
- Name of the fund
- Organization number

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**Fund Assignment**

After review and approval of the SFA requesting a new fund, Special Funds Accounting, will assign a fund number. The requesting department will receive a notification of the new trust fund number which is to be used as a guide for initiating financial transactions.

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**Maintaining Trust Funds and Compliance**

- Trust funds must at all times maintain a positive cash balance unless prior approval for exception has been obtained from the Vice Chancellor for Administration & Finance or his designee.
- Expenditures from the trust fund must be for the purposes provided for in the original SFA request.
- Activities recorded in the financial system for the trust fund must be reconciled and reviewed no less than monthly. Documentation of the reconciliation and review should be maintained for audit purposes.
- Gifts are subject to the Donor’s restrictions and conditions. Expenses must be supported with adequate documentation to ensure compliance.
- Trust Funds are subject to the same expenditure guidelines as State appropriated funds unless specifically excluded in the University Spending Guidelines.
- Trust Funds must be self-supporting. Operating costs paid for by other projects must be reimbursed timely.
Changes

Submit a revised SFA for any anticipated changes in disbursing authority and/or address, fund name, source of funds, or purpose to Special Funds Accounting in the Controller's Office so that a revised fund authority may be processed.

Correspondence

Significant correspondence regarding the trust fund should be copied and forwarded to Special Funds Accounting in the Controller's Office to be placed in the official fund folder.

A new trust fund should be requested if significant amounts are received that do not fit the description of an existing trust fund.

Closing a Trust Fund

If the purpose of the fund no longer exists, the disbursing authority should request that the account be closed. If the conditions of the gift or grant have been fulfilled, unless the grantor has specific instructions, any residual monies, whenever possible, should be used to support a program or purpose of similar nature, or closely related, to the original program or purpose.