OFFICE OF THE CONTROLLER POLICY 1 ESTABLISHMENT OF AN INSTITUTIONAL TRUST FUND

The University of North Carolina at Greensboro

Approved by Paul Forte, Interim AVC for Finance, August 4, 2021

Revised August 4, 2021

1. Purpose

To provide guidelines for requesting establishment of new institutional trust funds and/or changes to existing fund numbers.

2. Scope

This policy applies to all divisions, departments, and activities of the University.

3. Definition

Institutional trust funds are on deposit with the North Carolina Department of State Treasurer, and although not part of the General Fund and Special Funds, are another type of State fund. They are not subject to the budget process of the State Budget Act but are subject to other applicable Statutes and Session Laws such as capital projects, travel, and personnel. Refer to North Carolina General Statute 116-36.1(g) for the definition of an institutional trust fund as defined by the State of North Carolina.

4. Policy

4.1 General Statement

North Carolina General Statute 116-36.1, “Regulation of institutional trust funds” provides the legal authority for the University to establish institutional trust funds. An institutional trust fund number is used when it is necessary to separately identify funds because of legal restrictions, fiduciary requirements, or administrative designations. Additional data related to the fund number (including purpose, source of revenue, restrictions, and responsible individuals) is maintained as an integral part of the chart of accounts.

4.2 Establishment of New Institutional Trust Fund Numbers

Refer to Policy 6 Petty Cash Funds in the subsection entitled “Establishing New Funds” for information on establishment of an institutional trust fund to receive unrestricted and restricted gifts to the University. For institutional trust funds, including those funded by gifts, the department requesting the fund to be established must prepare form FIN-04, Request for Institutional Trust Fund.
The FIN-04 must include a detailed and comprehensive description of:

- the activities, programs, and/or operations to be supported by the fund,
- the type of revenue that will be deposited into the fund,
- the type of expenditures, including any specific restrictions, terms, or conditions for the use of monies deposited to the fund.

The details listed above and other supporting documentation for contract and grant funds are maintained by the office of Contract and Grant Accounting.

The FIN-04 must be authorized by your Dean, Director or Department Head.

All requests for the establishment of an institutional trust fund must be documented. The completed form FIN-04 and supporting documentation is submitted to the Controller’s Office electronically via an email to finance@uncg.edu.

Refer to Procedure 1 Request for Institutional Trust Fund for steps that are necessary to establish a fund.

4.3 Prohibition Against Multiple Use of Institutional Trust Fund Numbers

Established fund numbers may only be used for the purpose set forth on the original approved fund. If the purpose of the fund changes, a new request must be submitted when either of these occur: 1) revenues are received from sources that are not authorized for existing fund numbers, or 2) when expenditures are anticipated for purposes which have not been approved for existing fund numbers.

4.4 Approval or Denial of Request to Establish an Institutional Trust Fund

In general, institutional trust funds are established only when proper justification is provided concerning the need for the new fund number. Factors such as the level of funding, volume of transactions, or compliance with state regulations may justify the establishment of a new fund number. Each request to establish a fund must be approved by the University Controller or designee. If the request is denied, the University Controller or designee will provide specific reasons for this decision. If the request is approved, a fund number is established, and the requesting department/individual(s) is notified by email from the Office of the Controller. Please allow a minimum of 10 business days for a fund to be established.

5. Compliance and Enforcement

The University Controller is responsible for ensuring compliance with this policy. For purposes of standardized documentation, a new institutional trust fund cannot be established without the submission of a FIN-04 form and supporting documentation.
from the requesting department. The required use of a standard (FIN-04) template, University Controller or designee approval and assignment of fund numbers based on appropriate classification of the activity is outlined in the UNC System General Accounting Standards.

6. **Additional Information**

6.1 **Supporting Documents**

North Carolina General Statute 116-36.1(g) FIN-04

6.2 **Related Policies and Procedures**

Procedure 1 Establishment of an Institutional Trust Fund

6.3 **Resources**

Chapter 116, Article 1 of the North Carolina General Statutes, “General Provisions” provides the legal requirements, corporate powers, rights and duties of the University of North Carolina System.

General Statute 116-36.1 “Regulation of institutional trust funds” provides the legal authority for the University to establish institutional trust funds.

General Statute 116-36 “Endowment fund”

General Statute 116-41.7 “Proceeds of bonds, revenues, etc., deemed trust funds”

6.4 **Approval Authority**

This policy will be approved by the Interim Associate Vice Chancellor for Finance.

6.5 **Contacts for Additional Information and Reporting**

- Responsible Executive: Melissa Hoff, University Controller, (336) 334-5795, mshoff@uncg.edu
- Responsible Administrator: Justin Bishop, Banner Finance Accountant, (336) 256-1467, jlbisho3@uncg.edu