



ACADEMY POLICY MANUAL

Policy Title:	Conditions for Maintenance of Good Standing by Auxiliary Organizations at CMA
Policy Number:	AF 02-001
Policy Administrator:	President
Policy Initiator:	Interim Vice President for Administration and Finance, Stephen Garcia
Authority:	Executive Order 698, 1000, 1059
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Approved:	President William Eisenhardt
Approval Signature:	/s/

Purpose

There are two recognized auxiliary organizations at California Maritime Academy. They are the Associated Students and the California Maritime Academy Foundation. The purpose of this policy is to establish the conditions for good standing within CMA.

Scope

This policy applies to all Auxiliary Organizations.

Responsibilities

The Vice President for Administration and Finance is designated as the campus officer responsible for the fiscal oversight of all recognized campus auxiliaries.

The President and other members of the administration work with the recognized auxiliaries. The Dean of Students will continue his/her special responsibilities for the Associated Students and the University Vice President for Advancement for the Foundation.

Policy

To be a recognized auxiliary organization attached to a campus of The California State University, the organization must comply with relevant statutes of the state of California, regulations of the Board of

Trustees of the California State University, be officially recognized by the Chancellor, and be in compliance with regulations promulgated by the Chancellor and the President of the campus.

Members of the University community, when working through an auxiliary organization, are working within the scope of their appointment in the California State University, and are supported by the California State University and the State of California. That does not extend to work carried out through unrecognized organizations or activities. There is one University affiliated organization which fulfills comparable purposes to those described above, but which are not recognized by the Chancellor. The Alumni Association, formed to provide for alumni-University related programs fits into this category. There is no Trustee policy or legislative mandate establishing a formal relationship. This organization, however, is permitted to operate in support of the University so long as they adhere to policies and procedures established by the President.

The following defines the purposes of the two recognized auxiliary organizations at the California Maritime Academy. There is also definition of the authorization and limitation of each recognized auxiliary to hold funds.

Auxiliary organizations may accept or administer campus funds as an agent of the university when specifically authorized in writing by the campus president or his/her designee. Said authorization shall be granted judiciously and only when it is advantageous to the university and supportive of the university mission.

The Associated Students

The Associated Students provides support to a variety of programs aimed at meeting the needs of the students of the University. The Association also serves as a vehicle for participation of students in the governance of the University. The Associated Students may serve, as an auxiliary organization, as the fiscal agent for deposit accounts for student organizations and student related programs and activities.

The California Maritime Academy Foundation

The California Maritime Academy Foundation is the fund raising arm of the California Maritime Academy. It is the primary vehicle for the accumulation and management of funds contributed to units of the University. The CMA Foundation may, as an auxiliary organization, serve as the fiscal agent for activities that support the University's programs of instruction, service, and scholarship.

Procedures

Maintenance of Good Standing

(A guide for Directors and Managers)

Introduction: California State University auxiliary organizations have their roots in the 1930's and 40's when legislation was enacted to enable the operation of campus stores and cafeterias. Over nearly a half century a body of law and policy has emerged that defines this special type of organization, a non-profit corporation, designed to provide particular services to a campus or to the entire CSU system.

The characteristic that makes these organizations unique among otherwise "autonomous" corporations is the agreement that each enters into with the Board of Trustees to abide by systemwide and campus policies. Paramount among these policies are so-called "conditions for good standing." Failure to meet these conditions can result in a variety of sanctions, the ultimate being withdrawal of recognition and the consequent inability to function as a part of and on behalf of the University.

Typically, "good standing" has been perceived as a system rather than a campus-focused matter. However, pertinent laws and regulations are replete with references to campus policies and the responsibility of the President to ensure that auxiliaries are functioning properly. This document is designed to make "good standing" requirements and conditions campus-specific, and to clarify for the directors and managers of California Maritime Academy, auxiliary organizations the reasonable expectations of the University regarding their operation. Its intent is to foster optimum working relationships between the University and its auxiliaries. Although failure to meet any of these conditions for "good standing" could lead to a recommendation of sanctions, the more likely consequence would be initiation of discussion to achieve better understanding.

The ultimate responsibility for compliance with "good standing" requirements rests with the respective Boards of Directors. It is shared, however, with the "executive directors" and with the several University officers who are responsible for liaison and custodial functions. This shared responsibility is critical because requirements are sometimes technical and complex and because many Board members, especially students, serve for a relatively brief time. The specific conditions which follow are presented with the assumption that those responsible for ensuring that they are honored possess a general understanding of relevant law and regulations as set forth in the Manual of Policies and Procedures for Auxiliary Organizations of the California State University, and documents referenced in this policy.

This document is in three parts. The first involves conditions which are established by the Board of Trustees and its system wide officers. These are enumerated in the Manual. Just a few are reiterated here because of their particular significance. The second category involves matters which have their basis in, or which make campus-specific, system wide conditions which are also set forth in the Manual. The final category represents those conditions which have been instituted on this campus to carry out the general responsibility of the President to ensure that auxiliaries are functioning properly.

I. The following items highlight law, system wide policy and procedures as set forth in the Manual and its appendices or supplements. In order to maintain "good standing," each auxiliary shall:

1. Be in compliance with all applicable provisions of the Education Code, Title 5 of The California Code of Regulations, Standing Orders and resolutions of the Board of Trustees, Executive Orders and other directives issued by the Chancellor or authorized representative;

2. Have a Board whose membership is constituted in accordance with its Articles or Bylaws and which includes a designee of the President;
3. Have adopted and filed with the President or designee a Statement of Social Responsibility;
4. Have adopted and filed with the President or designee a Public Relations Policy;
5. Accept gifts which may require use of State resources for space, maintenance or repair only with the approval of President or designee;
6. Engage in real property transactions only with prior approval of the President or designee;
7. Utilize travel regulations which are comparable to campus travel regulations. Comparability is to be determined in consultation with the Vice President for Administration;
8. Have an equal employment/affirmative action policy and supporting procedures which comply with Board of Trustee policy and are approved by the President or designee;
9. Notify the Vice President for Administration and Finance of any major loss of auxiliary property;
10. Provide timely notification to the Vice President for Administration and Finance about substantive unauthorized acts committed or alleged to have been committed by any officer or employee of the auxiliary;
11. Where applicable, adopt a policy concerning determination and distribution of excess indirect costs in consultation with the President or designee;
12. Maintain a prudent financial reserve in compliance with applicable policies and consult with the Vice President for Administration and Finance concerning reserve practices.

II. The following items represent campus-specific conditions which are intended to honor the intent of system wide conditions: In order to maintain "good standing," each auxiliary shall:

1. Conduct its business in a manner consistent with its own Articles of Incorporation, By-laws, rules and regulations;
2. Limit its functions to those contained in its agreement and/or those set forth in Title 5, and undertake no new functions without the approval of the President or designee as to list of functions for auxiliary organizations within the University contained in this memorandum.
3. Conduct an information program in cooperation with appropriate University offices which ensures that each Board member is cognizant of this document and his/her responsibilities and understands the potential for conflict;
4. Conduct its meetings in a manner which honors both the spirit and the letter of pertinent open meeting laws;
5. Obtain approval of the President before starting any capital improvement project;
6. Submit its annual budget to the President for approval at least three weeks prior to its proposed effective date following procedures established by the Vice President for Administration and

Finance. Associated Students shall also follow the system wide budget requirements set forth in Executive Order 369;

7. Submit proposed changes to its budget to the Vice President for Administration and Finance not less than two weeks in advance of the effective date of the proposed change (exceptions for emergencies); the Vice President shall determine whether any such change is significant and thus subject to presidential approval;

8. Inform the President or designee of its current Attorney of Record and Certified Public Accountant;

9. Maintain a comparable program of salaries and benefits and confer with the Director for Human Resources prior to adopting substantive changes including proposals for salary adjustments;

10. Review its personnel policies and practices with the Director for Human Resources, or designee, at least every two years;

11. Make records available upon request and with reasonable notice to any officer of the University whose assigned responsibilities relate to the functions of the auxiliary;

12. Cooperate fully with any person assigned to conduct internal compliance reviews and audits;

13. Discontinue any activity found by the President not to be in conformity with policies of the Board of Trustees and the campus;

14. Comply with the provisions of Executive Order 1041, CSU Student Travel Policy, with regard to sponsored or arranged student travel;

15. Comply with University policy and procedures regarding unrelated business income.

III. The final section sets forth those items which are not directly related to system wide conditions, but which are intended to implement Presidential responsibility for the proper functioning of auxiliaries. In order to maintain "good standing," each auxiliary shall:

1. Conform with particular campus policies and procedures when so requested by the President or designee. Such policies or procedures may be generally applicable to the campus community (e.g. Presidential review of proposed corporate By-laws or Articles of Incorporation amendments);

2. Incorporate the University name, seal and/or logo in its identification in a manner approved by the Vice President for University Advancement (e.g. letterhead, brochures, etc.);

3. Advise the President or designee of any proposal to amend its Articles of Incorporation or By-laws at least 30 days in advance of the date intended for action (exceptions for emergencies);

4. Coordinate all construction activities, major or minor, with the University Planning for Capital Development and keep the President or designee informed throughout the planning and development of any significant capital project;

5. Consult with the President or designee and secure approval before appointing, reappointing, or extending the contract beyond one year of the chief executive officer, including the setting of the salary of the chief executive;

6. Have established and regular procedures for review of its chief executive officer and other senior administrators and review these annually with the Director for Human Resources to ensure consistency with University procedures;
7. Be current in payment of any indebtedness (to the University or the State);
8. Make no application or request for funding of any activity which may involve a commitment of University personnel or other University resources without the approval of the President or designee;
9. Accommodate full and ready access to the Board and all Board activities by the President, designees, and the Vice President for Administration and Finance;
10. Honor all contracts and agreements with the University;
11. Conduct a vigorous information program to inform members and clients of its programs and activities. Members of the University administration will be pleased to assist Board members and auxiliary organization managers at any time in interpreting these conditions or explaining their basis in law and policy.

AMENDMENT PM-00-04

New Requirements:

Each Auxiliary shall reimburse the University for the cost of a minimum of \$1,000,000 of liability insurance protecting the University against risk of loss arising from the acts or omissions of the University-employed Executive Director of the Auxiliary. Each Auxiliary shall also agree, in writing, to indemnify the University for losses due to the acts of the Executive Director to the extent that these losses are not covered by the liability insurance referenced above.

Personnel actions concerning the Executive Director of each Auxiliary will ultimately be the responsibility of the President of the University. The board of each auxiliary will develop a process by which it will provide recommendations to the President on such issues as hiring, salary setting, evaluation, salary adjustments, discipline, and termination.

The Vice President for Administration and Finance or his/her designee shall serve as an ex-officio, non-voting member of the board of directors of each of the campus auxiliaries.

The appointment of all members of the boards of directors of the California Maritime Academy auxiliaries shall be the responsibility of the President, with recommendations from the appropriate campus groups.

Exceptions:

There will be one exception from the new requirements noted above.

Because of its unique Title V standing, the ASI will be exempt from the two of the new requirements. There will be a specific new requirement of the ASI, however, that the University's Vice President for Administration and Finance or his/her designee shall serve as an ex-officio, nonvoting member of the ASI Finance and Budget Committee.

AMENDMENT PM 01-01

Accounts established in University Auxiliary Organizations:

The Dean of each college (or other program center head in some instances) is responsible for:

- 1) authorizing the opening of an account within any auxiliary corporation, upon approval of the Auxiliary Executive Director, or designee
- 2) designating the individual responsible,
- 3) authorizing the individual or individuals who may sign for the accounts and
- 4) actively monitoring accounts.

Special attention needs to be given to the active monitoring of accounts. The Dean or other program head is responsible for compliance issues, including employment policies, and the integrity of a specific program. In those instances where accounts are established in the context of grants and contracts handled by the graduate studies/research office, the responsibility for authorizing the opening of an account still remains with the appropriate program center head.

Reference Forms