
SUBJECT: AUXILIARY SERVICES POLICY

1.0 PURPOSE

1.1. This policy is intended to set forth the Policy of the College with regard to the Auxiliary Services Department (Auxiliary Services), oversight and management of funds raised through Auxiliary Services, and employee use of services provided by Auxiliary Services. This Policy is intended to comply with Board of Regents Policy R550.

2.0 DEFINITIONS

2.1. **Auxiliary Enterprises:** Business enterprises or other support activities (as distinguished from primary programs of instruction, research, and public service, and from organized activities and intercollegiate athletics) the primary purpose of which is to provide specified services to students, faculty, staff or guests of the institution. All housing, food service, and college store activities in any institution are to be classified and managed as auxiliary enterprises. Other activities which serve primarily individuals (as distinguished from internal departments of the institution) and operate on an essentially self-supporting basis, also should be classified and managed as auxiliary enterprises.

2.2. **Essentially Self-Supporting:** Receiving revenues (fees for services, sales, dedicated general fees, contributions, and investment income) to cover all or most of the direct and indirect operating expenses, assignable indirect costs, debt service and capital expenditures for the activity. "Most" is defined as 100% of direct and indirect operating expenses over a five-year average but may be as low as 90% in an individual year unless a specific subsidy is approved by the Board of Trustees.

2.3. **Auxiliary Services Department:** Snow College Department consisting of the following Auxiliary Enterprises:

- Food Services
- Campus Stores (Ephraim and Richfield)
- Residence Life

Auxiliary Enterprises may be added to or subtracted from this list as determined by the Administration without necessity of amending this Policy. Although the Sevier Valley Center (SVC) is considered an Auxiliary Enterprise, they have their own oversight Board and operate under policies established by the Board. Because of this, the SVC will not be part of the Auxiliary Services Department.

3.0 POLICY

- 3.1. Auxiliary Services is to be run in accordance with Utah State Board of Regents Policy, R550 meaning it is to operate on an essentially self-supporting basis and is to be managed as auxiliary enterprises.
- 3.2. Auxiliary Services is to be operated in accordance with overall management principles as defined in Regents policy R550; is to employ professional management; and there must be administrative, accounting and financial management oversight of auxiliary enterprises, through one or more senior officers designated by the President.
 - 3.2.1. Revenues of auxiliary enterprises are to be used to cover expenses and obligations of the auxiliaries and to provide working capital and sufficient reserves.
 - 3.2.1.1. Each auxiliary enterprise which involves sale of goods and services should have adequate working capital to support accounts receivable and necessary inventories of goods and supplies.
 - 3.2.1.2. Renewal and replacement funds for all auxiliary enterprises should be accumulated in amounts sufficient to provide for major equipment repair and replacement as well as refurbishment, renewal and replacement of physical facilities.
 - 3.2.1.3. Auxiliary enterprises are not, however, expected to accumulate fund balances in excess of requirements for working capital, renewals and replacements, and debt service. Subsidies from outside funds and then charges to users should be adjusted downward if an enterprise produces revenues in excess of this requirement.
 - 3.2.1.4. Auxiliary enterprise budgets are to include costs of the operations of physical facilities, accounting services directly chargeable to their operations, and an appropriate share of other administrative support costs of the College. The cost of these support services may either be budgeted directly in the operations of the auxiliary enterprises, or budgeted as payments to the education and general departments or service enterprises providing the support services.
 - 3.2.1.5. Accounts for each auxiliary enterprise are to include all revenues, expenditures, and transfers relating to the enterprise, including interest on loans from other institutional

or outside sources and expenditures or indirect charges for operation and maintenance of physical facilities and financial accounting services and for other administrative support costs. Mandatory and non-mandatory transfers out are to be specifically identified, as are all loans and all transfers in from other auxiliary enterprises and from institutional discretionary funds, other education and general funds, or other funds of the institution.

- 3.2.2. Excess revenues may be used for other purposes only after expenses, obligations, working capital and sufficient reserves have been funded and subsidies and charges have been reduced. Such other uses shall be clearly identified and approved by the President of the College. Procedures shall be established setting the criteria for and the approval for use of auxiliary revenues for other purposes.
 - 3.2.3. Procedures should be established for the oversight and approval of transfers of funds from Auxiliary Enterprise funds to Non-Auxiliary Enterprise funds, particularly where the financial manager (fund custodian) is the same person for both funds.
 - 3.2.4. Operating procedures for each auxiliary enterprise should be established in accordance with the mission and objectives of Auxiliary Services Department.
 - 3.2.5. Appropriate fees shall be charged to users of the auxiliary enterprises, including academic or administrative departments. To the extent reasonably possible, selling prices, rents, fees, admissions and other charges by each auxiliary enterprise are to be set at a level adequate to support the operating and reserve requirements of the enterprise.
- 3.3. Annual Reports and frequent audits. An Annual Report, in accord with Board of Regent Rule requirements below, must be prepared for Auxiliary Enterprises. The Annual Report will be submitted to the Board of Trustees so that it may exercise its duty to review the College's Auxiliary Enterprises. In addition, quarterly reports should be prepared for the Board of Trustees' Finance and Facilities Committee for review at each Board of Trustee's meeting. Periodic internal audits (which may be "mini" audits or focused on a specific aspect of an Auxiliary Enterprise) shall occur on a regular basis and be reported to the Audit Committee. A full internal audit of each Auxiliary Enterprise shall occur at least every five years.

- 3.3.1. The Annual Report shall detail auxiliary enterprises operations, covering the completed actual year and the current budget year. The report, in accord with forms or in a format provided by the Commissioner, is to include as a minimum, for each designated auxiliary enterprise and for the institutional auxiliary enterprises in total, the following information: (1) appropriate detail on revenues (e.g., sales and services, student fees, other income) and expenditures (e.g., costs of goods sold, direct operating expenses, charges for indirect costs); (2) identification of each specific source and amount of transfers in; (3) identification of each specific amount and recipient of transfers out; and (4) Details of any outstanding loans other than bonded indebtedness. (Bonded indebtedness is disclosed in the institution's audited financial statements.)
- 3.4. Where practicable, campus departments should use Auxiliary Services for business related purposes before going to outside businesses which may/should include:
 - 3.4.1. First right of refusal of Food Services to provide food for on-campus functions.
 - 3.4.2. Scholarship funds issued specifically to pay housing expenses be used first for on-campus housing options.