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**Policy**
**3600 Auxiliary Organizations**

The Board may recognize and approve auxiliary organizations established for the purpose of providing to the District any and all supportive services, specialized programs and functions. An example of an auxiliary organization is a college foundation.

The Chancellor shall establish the administrative procedures necessary to fully comply with California law relating to auxiliary organizations, and to submit this policy and those procedures to the Chancellor for the California Community Colleges as required by law.

Recognition and establishment of auxiliary organizations shall include a public hearing on the recommendation to recognize or establish an auxiliary organization; Board approval of the auxiliary organization; and approval of a written agreement between the District and the auxiliary organization describing the services, programs or functions to be performed.

Any auxiliary organization recognized by the Board shall conduct its business in accordance with the administrative procedures adopted by the Chancellor pursuant to this policy. Notwithstanding anything contained in the administrative procedures, any auxiliary organization recognized by the Board shall comply with Education Code provisions regarding:

- the composition of a board of directors and the way in which it conducts its meetings;
- conducting an annual audit;
- employing its work force;
- expending and appropriating its funds, and keeping its records.

No funds or resources, other than funds or resources derived from gifts or bequests, shall be transferred by the District to any of its auxiliary organizations for the purpose of either avoiding laws or regulations that constrain community college districts or providing the District with an unfair advantage with respect to any state funding mechanism. Such state funding mechanisms include, but are not limited to, general apportionment funding, capital outlay funding, Extended Opportunity Programs and Services funding, and funding for programs and services for disabled students.

**References:**

Education Code Sections [72670 et seq.](#); Title 5, Section [59250 et seq.](#); Government Code Sections [12580 et seq.](#)

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**Adopted:** June 28, 2004

**Revision Adopted:** June 28, 2004

**Administrative Procedure**

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**3600 Auxiliary Organizations**

I. Definitions

- A. Board of Directors.  
The term board of directors as used herein means the governing board of an auxiliary organization.
- B. Board of Trustees.  
The term Board of Trustees as used herein means the Board of Trustees of the District.
- C. Board of Governors.  
The term Board of Governors as used herein means the Board of Governors of the California Community Colleges.
- D. Chancellor.  
The term Chancellor as used herein means the Chancellor or of the District or designee.
- E. District.  
The term District as used herein means the Yosemite Community College District.
- F. Associated Student Body.  
The terms Associated Student Body, Associated Student Organization, Student Association, Student Organization, or ASB as used herein means an organization formed by any group of students from a College of the District in accordance with the provisions of Education Code Section 76060. All clubs and organizations recognized by an Associated Student Body or Organization shall be included in any auxiliary organization established by the Student Body or Organization.

II. Recognition and Establishment of Auxiliary Organizations

- A. The Chancellor shall submit a recommendation to the Board of Trustees to establish an auxiliary organization when the organization will serve the District. The recommendation includes, but is not limited to, the following:
  - 1. The purpose(s) for which the auxiliary organization is to be established;
  - 2. Whether the proposed auxiliary organization will primarily serve the District or a particular District;
  - 3. The functions which the auxiliary organization is intended to perform;
  - 4. The proposed bylaws and articles of incorporation for the auxiliary organization, including the size and composition of the board of directors; and
  - 5. The proposed written agreement between the auxiliary organization and the District, as required in Title 5, Sec. 59259.

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B. The process of recognition shall be as follows:

1. When the Chancellor receives a request to establish an auxiliary organization, the Chancellor shall submit a recommendation concerning the establishment of said organization to the Board of Trustees within three months.
2. The Board of Trustees shall hold a public hearing on each recommendation concerning the establishment of an auxiliary organization.
3. At a subsequent scheduled meeting after the public hearing, the board shall announce its decision concerning the establishment of the organization, and, if approved, authorize the functions it may perform, identify the number and category or categories of the board of directors and approve contractual arrangements.

C. At such time as the District recognizes an auxiliary organization, it shall submit to the state Chancellor's Office any written agreements with the auxiliary organization, as well as the articles of incorporation, bylaws, or other governing instruments.

III. Recognized Services, Programs and Functions

A. Auxiliary organizations may be recognized and established by the Board of Trustees to perform the following services, programs and functions:

1. Student association or organization activities;
2. Bookstores;
3. Food and campus services;
4. Student union programs;
5. Facilities and equipment, including parking;
6. Loans, scholarships, grants-in-aid;
7. Workshops, conferences, institutes and federal and specially funded projects;
8. Alumni activities;
9. Supplementary health services;
10. Gifts, bequests, devises, endowments and trusts; and
11. Public relations programs.

B. No auxiliary organization shall be authorized by the Board of Trustees to engage in any other function unless the Board of Governors amends Section 59259 of Title 5 by adding said function to the list of approved functions of auxiliary organizations. This section shall not be

1 construed to prohibit an auxiliary organization from taking actions essential to satisfy the non-  
2 profit corporation or tax laws of the State of California or the Federal tax laws.

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4 C. Operations of commercial services on a campus shall be self supporting when operated by an  
5 auxiliary organization.

6 IV. Authority and Responsibility of Auxiliary Organizations

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8 A. Participation in workshops, conferences, or institutes offered by auxiliary organizations shall  
9 not be included in reports to the state for the purpose of receiving apportionment funding.

- 10  
11 B. All services, programs and activities that may be undertaken by an auxiliary organization shall  
12 be maintained for the general benefit of the educational program of the District. Upon Board  
13 of Trustees approval, an auxiliary organization may assume any of the services, programs and  
14 activities listed in these procedures in order:

- 15  
16 1. To provide the fiscal means and the management procedures that allow the  
17 District to carry on educationally related activities not normally funded by State  
18 apportionment;
- 19 2. To eliminate the undue difficulty that would otherwise arise under the usual  
20 governmental budgetary, purchasing and other fiscal controls except as expressly  
21 prohibited by the Education Code or Title 5, or the District's procedures; or
- 22 3. To provide fiscal procedures and management systems that allow effective  
23 coordination of the auxiliary activities with the District in accordance with sound  
24 business practices.

25 V. Composition of Boards of Directors

- 26  
27 A. The board of directors of each auxiliary organization shall have the following composition:

- 28  
29 1. Student Associations or Organizations.

30 The board of directors shall consist primarily of students. The designee may  
31 attend and participate in meetings of the board of directors in order to advise on  
32 policy and to provide for the control and regulation required by Education Code  
33 Section 76060.

- 34 2. Other Auxiliary Organizations.

35 Any other District approved auxiliary organization that is established pursuant to  
36 Section 72670 et seq. of the Education Code shall have a board of directors  
37 appointed in accordance with the organization's articles of incorporation or  
38 bylaws and consisting of voting membership from one or more of the following  
39 categories: administration, staff; members of the community; students.

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41 B. The size of the board of directors of an auxiliary organization shall be at least large enough to  
42 accommodate the one or more categories from which board members are selected.

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2 C. The board of directors shall have the advice and counsel of at least one attorney admitted to  
3 practice in California and at least one certified public accountant. Upon being notified of the  
4 certified public accountant selected by an auxiliary organization, the district shall forward the  
5 applicable auditing and reporting procedures to the selected certified public accountant.

6 VI. Conduct of Boards of Directors

- 7  
8 A. No member of the board of directors of an auxiliary organization shall be financially interested  
9 in any contract or other transaction entered into by the board of which he/she is a member.  
10 Any contract or transaction entered into in violation of this section is void.

- 11  
12 B. No contract or other transaction entered into by the board of directors of an auxiliary  
13 organization is void under the provisions of Education Code Section 72677; nor shall any  
14 member of such board be disqualified or deemed guilty of misconduct in office under such  
15 provisions, if pursuant to Education Code Section 72678 both of the following conditions are  
16 met:

- 17  
18 1. The fact of such financial interest is disclosed or known to the board of directors  
19 and noted in the minutes, and the board thereafter authorizes, approves, or  
20 ratifies the contract or transaction in good faith by a vote sufficient for the  
21 purpose without counting the vote or votes of such financially interested member  
22 or members.
- 23 2. The contract or transaction is just and reasonable as to the auxiliary organization  
24 at the time it is authorized or approved.
- 25 3. The provisions of Education Code Section 72678 above shall not be applicable if  
26 any of the following conditions are met:
- 27 4. The contract or transaction is between an auxiliary organization and a member of  
28 the board of directors of that auxiliary organization.
- 29 5. The contract or transaction is between an auxiliary organization and a partnership  
30 or unincorporated association of which any member of the governing board of  
31 that auxiliary organization is a partner or in which he or she is the owner or  
32 holder, directly or indirectly, of a proprietorship interest.
- 33 6. The contract or transaction is between an auxiliary organization and a  
34 corporation in which any member of the board of directors of that auxiliary  
35 organization is the owner or holder, directly or indirectly, of five percent or more  
36 of the outstanding common stock.
- 37 7. A member of the board of directors of an auxiliary organization is interested in a  
38 contract or transaction within the meaning of Education Code Section 72677 and  
39 without first disclosing such interest to the governing board at a public meeting  
40 of the board, influences or attempts to influence another member or members  
41 of the board to enter into the contract or transaction.

- 1 C. It is unlawful for any person to utilize any information, not a matter of public record, which is  
2 received by the person by reason of his/her membership on the board of directors of an  
3 auxiliary organization, for personal pecuniary gain, regardless of whether he or she is or is not  
4 a member of the board at the time such gain is realized.

5 VII. Bylaws

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7 A. The bylaws of an auxiliary organization shall include, but not be limited to, specifying:  
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9 B. The number of members of the board of directors, the categories from which members shall  
10 be selected and the method by which they shall be selected.  
11  
12 C. The size of the board of directors.  
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14 D. That at least one public business meeting will be held each quarter.  
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16 E. The time table for the preparation and adoption of its program and annual budget and the  
17 submission of both for review to the Chancellor.  
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19 F. That an attorney admitted to practice in this state and a licensed certified public accountant  
20 shall be selected to provide advice and counsel to the board of directors. Each shall have  
21 experience appropriate to the responsibility and shall have no financial interest in any  
22 contract or other transaction entered into by the board which he/she serves. Neither the  
23 attorney nor the certified public accountant needs to be a member of the board of directors.  
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25 G. The procedures for approving expenditures.  
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27 H. The procedures for accepting gifts, donations, bequests, trusts and specially funded grants  
28 and other income.

29 VIII. Master Agreement between District and Auxiliary Organizations

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31 A. In the recognition and establishment of an auxiliary organization, there shall be a written  
32 agreement between the District and the auxiliary organization which sets forth the purposes  
33 of the auxiliary organization as permitted under this Regulation, and Title 5 Section 59259.  
34  
35 B. Should an auxiliary organization provide more than one service, program or function, such  
36 service, program or function may be authorized in one of more written contracts with the  
37 District. Such services, programs and functions thereby performed by an auxiliary  
38 organization may also be part of a joint powers agreement in accordance with Education Code  
39 Section 72671 and Government Code Section 6500 et seq.  
40  
41 C. An auxiliary organization shall provide only those services, programs or functions authorized  
42 by a written agreement. No other service, program or function shall be permitted or  
43 performed unless a written agreement between the District and the auxiliary organization is  
44 amended to provide otherwise.  
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46 D. The agreement shall include, but is not limited to, the following provisions:  
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- 1 1. The services, programs, or functions the auxiliary organization is to manage,  
2 operate or administer.
- 3 2. A statement of the reasons for administration of the functions by the auxiliary  
4 organization instead of by the District under usual District procedures.
- 5 3. The areas of authority and responsibility of the auxiliary organization and the  
6 District or College.
- 7 4. The facilities and services to be made available by the District to permit the  
8 auxiliary organization to perform the services, programs or functions specified in  
9 the written agreement.
- 10 5. The charge or rental to be paid to the District by the auxiliary organization for the  
11 facilities used or services provided in connection with the performance of its  
12 function. The charge or rental specified shall be identified in sufficient time before  
13 it is incurred so that the organization may determine to what extent it is liable.
- 14 6. Full reimbursement to the District for services performed by the District or by  
15 District employees in support of the auxiliary organization. Student body auxiliary  
16 organizations may be exempt from reimbursing all or any portion of the costs for  
17 such services. Methods of proration where services are performed by District  
18 employees for the organization shall be as mutually determined.
- 19 7. A mutually agreed upon method of determining in advance to what extent the  
20 organization shall be liable for indirect costs relating to specially funded programs  
21 (including federally sponsored programs.).
- 22 8. The responsibility for maintenance and payment of operating expenses.
- 23 9. Proposed expenditures for public relations or other purposes which would serve  
24 to augment District appropriations for operation of the District. With respect to  
25 these expenditures, the auxiliary organization may expend funds in such amount  
26 and for such purposes as are approved by the board of directors of the auxiliary  
27 organization. The board of directors shall file with the Chancellor a statement of  
28 such policy on accumulation and use of public relations funds. The statement shall  
29 include the policy and procedure on solicitation of funds, source of funds,  
30 amounts, and purpose for which the funds will be used, allowable expenditures,  
31 and procedures of control.
- 32 10. The disposition to be made of net earnings derived from the operation of the  
33 auxiliary organization, including earnings derived from facilities owned or leased  
34 by the auxiliary organization, and provisions for reserves.
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- 36 11. The disposition to be made of net assets and liabilities on dissolution of the  
37 auxiliary organization or cessation of the operations under the agreement.
- 38
- 39 12. The covenant of the auxiliary organization to maintain its organization and to  
40 operate in accordance with Sections 72670 through 72682 of the Education Code

1 and with the regulations contained in Title 5, Section 59250 et seq., as well as  
2 District Board Policy.

3 13. The understanding that the auxiliary organization shall obtain the services and  
4 counsel of an attorney admitted to practice in the State of California whenever  
5 the need arises.

6 14. The understanding that the auxiliary organization shall not enter into any contract  
7 or other business arrangement involving real property either by lease involving  
8 payments of more than \$25,000 per annum and duration terms of more than one  
9 year, or by purchase without prior notification and consultation with the  
10 Chancellor.

11 IX. Personnel

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13 A. Each auxiliary organization shall develop general regulations to govern its operations,  
14 including policies and regulations concerning the salaries, working conditions and benefits of  
15 its employees.

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17 B. The aforesaid regulations shall not conflict with the implementing policies adopted by the  
18 Board of Trustees or with these procedures.

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20 C. Except as otherwise provided in any board rules, the board of directors of each auxiliary  
21 organization shall, pursuant to Education Code Section 72672, provide salaries, working  
22 conditions and benefits for its full-time employees that are comparable to those provided  
23 District employees performing substantially similar services. For those full-time employees  
24 who perform services that are not substantially similar to the services performed by District  
25 employees, the salaries established shall be comparable to the salaries prevailing in other  
26 educational institutions in the area or commercial operations of like nature in the area.

27  
28 D. Regular District employees may be employed by the auxiliary organization. District employees  
29 must resign or request a personal leave of absence from the District in order to accept  
30 employment with the auxiliary organization. District officers and employees who are required  
31 by the district's Conflict of Interest Code (AP 2712) to file disclosure of financial information  
32 are responsible to determine whether or not they are eligible to accept employment with the  
33 auxiliary organization immediately upon resignation from the district.

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35 1. Educational Administrators or other Management Employees may be granted a  
36 personal leave of absence for two semesters, which may be extended to a  
37 maximum of ten consecutive semesters

38 2. Classified management employees may be granted a personal leave of absence  
39 for up to one year. This leave may not be extended beyond one year without the  
40 employee first having returned to active duty.

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42 3. Academic (faculty) employees may be granted personal leave of absence for two  
43 semesters. The leave may be extended for not more than six consecutive  
44 semesters.



- 1                   4. Classified employees may be granted a personal leave of absence for up to one  
2                   year. This leave may not be extended beyond one year without the employee first  
3                   having returned to active duty.
- 4                   E. The board of directors of each auxiliary organization may provide retirement benefits  
5                   different from those provided comparable District employees and may withhold retirement  
6                   benefits or permanent status benefits or both from temporary employees. For the purposes  
7                   of this Procedure, a temporary employee is:  
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- 9                   1. An employee employed for a specific research project, workshop, institute or  
10                  other special project funded by any grant, contract or gift; or
- 11                  2. An employee whose contract of employment is for a fixed term not exceeding  
12                  three years.
- 13                  F. The board of directors of each auxiliary organization may withhold permanent status benefits  
14                  from executive employees. For the purposes of this procedure, an executive employee is any  
15                  management employee with responsibility for the development and execution of the auxiliary  
16                  organization's policies and includes, but is not limited to, general managers, managers,  
17                  directors and the like, as determined by the board of directors of each auxiliary organization.  
18
- 19                  G. Should retirement benefits be provided, they may but need not be provided by the Public  
20                  Employees' Retirement System. Any newly created auxiliary organization is exempted from  
21                  the requirement of providing retirement benefits for a period not to exceed three years from  
22                  the date on which the Board of Trustees recognizes the establishment of such auxiliary  
23                  organization.  
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- 25                  H. An auxiliary organization may contract with the District for the services of a District employee  
26                  and reimburse the District for that portion of the employee's full-time assignment (and  
27                  corresponding benefits) that is spent in providing said services.
- 28                  X. Accounting and Reporting for Auxiliary Organizations
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- 30                  A. The fiscal year of the auxiliary organization shall coincide with that of the District.
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- 32                  B. Each auxiliary organization shall develop an accounting system that is in accordance with  
33                  generally accepted accounting principles.  
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- 35                  C. The auxiliary organization shall implement financial practices that will assure its fiscal viability.  
36                  Such standards shall include professional management, adequate working capital, adequate  
37                  reserve funds for current operations, capital replacements, contingencies and adequate  
38                  provisions for new business requirements.  
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- 40                  D. Each auxiliary organization serving the District shall submit its programs and budgets for  
41                  review at a time and in a manner specified by the Chancellor.  
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- 43                  E. Funds derived from indirect cost payments shall only be appropriated with the specific  
44                  approval of the [CEO]. All uses of such funds shall be regularly reported to the district  
45                  governing board.

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- F. Should the Chancellor determine that any program or appropriation planned by an auxiliary organization is not consistent with District policy, the program or appropriation shall not be implemented. Further, should a program or appropriation which has received approval, upon review, be determined by the Chancellor to be operating outside the acceptable policy of the Board of Governors or the District, then that program or appropriation shall be discontinued by direction of the Chancellor until further review is accomplished and an appropriate adjustment is made.
- G. The board of directors of an auxiliary organization shall approve all expenditure authorizations.
- H. If the auxiliary organization receives or accrues in any fiscal year gross revenue of two million dollars (\$2,000,000) or more, it shall also:
- 1. Include in its bylaws an audit committee appointed by the board of directors. The audit committee may include persons who are not members of the board of directors, but the member or members of the audit committee shall not include any members of the staff, including the president or chief executive officer and the treasurer or chief financial officer. If the auxiliary committee has a finance committee, it must be separate from the audit committee. Members of the audit committee shall not receive any compensation from the corporation in excess of the compensation, if any, received by members of the board of directors for service on the board and shall not have a material financial interest in any entity doing business with the corporation. Subject to the supervision of the board of directors, the audit committee shall be responsible for recommending to the board of directors the retention and termination of the independent auditor and may negotiate the independent auditor's compensation, on behalf of the board of directors.
  - 2. The audited financial statements shall be available for inspection by the Attorney General and shall be made available to members of the public.
  - 3. The board of directors, or an authorized committee of the board, shall review and approve the compensation, including benefits, of the President or Chief Executive Officer and the Treasurer or Chief Financial Officer to assure that it is just and reasonable. This review and approval shall occur initially upon the hiring of the officer, whenever the term of employment, if any, of the officer is renewed or extended, and whenever the officer's compensation is modified. Separate review and approval shall not be required if a modification of compensation extends to substantially all employees.

XI. Records and Annual Report of Auxiliary Organizations

- A. Personnel and payroll records shall be maintained as permanent records by each auxiliary organization.
- B. Adequate records of all other transactions of an auxiliary organization shall be maintained for a minimum of five years. Transactions of the organization include, but are not limited to, purchases, disbursements, and investments.

- 1 C. An annual report shall be submitted to the Board of directors of the auxiliary organization and  
2 to the Chancellor by September 15. The report shall include, but is not limited to:  
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4 1. All financial statements required to be filed with the state Chancellor's Office  
5 2. A comparison of budgeted and actual expenditures  
6 3. A description of major accomplishments of the organization  
7 4. A description of improvements proposed for operation of the organization.

8 XII. Annual Audit  
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- 10 A. Each auxiliary organization shall have an annual fiscal audit of any and all funds. The audit  
11 shall be performed by a certified public accountant in accordance with procedures prescribed  
12 by the Board of Governors, as contained in the California Community College Auxiliary  
13 Organization Accounting and Reporting System as updated and amended from time to time.  
14 Copies of the annual audit report shall be submitted to the Board of Trustees and to the state  
15 Chancellor's Office within 30 days after it is received by the auxiliary organization. Thereafter,  
16 it shall be a public record, except as otherwise provided by law. Such audits may be conducted  
17 as part of a fiscal audit of the District itself.  
18  
19 B. Auxiliary organizations shall annually publish an audited statement of their financial  
20 condition, which shall be disseminated as widely as feasible and be available to any person  
21 on request. A reasonable fee may be charged to cover the costs of providing a copy. An  
22 auxiliary organization shall comply with this requirement by:  
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24 1. Publishing the audited financial statement in a campus newspaper; or  
25  
26 2. Publishing a notice in a campus newspaper indicating the on-campus location where  
27 copies of the financial statement may be obtained or reviewed; or  
28  
29 3. Publishing or noticing the audited statement in a campus bulletin or other appropriate  
30 medium if a campus newspaper is unavailable.

31 XIII. Insurance  
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- 33 A. An auxiliary organization shall secure and maintain insurance adequate to protect its  
34 operations from catastrophic losses and as required by law, including but not limited to, the  
35 following:  
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37 1. Comprehensive liability;  
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39 2. Property and extended coverage, when applicable;  
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41 3. All risks, money and securities;  
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43 4. Fidelity and performance bonds covering its chief fiscal officer;  
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45 5. Automotive liability when applicable; and  
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47 6. Workers' Compensation

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- B. In any insurance policy secured by the auxiliary organization, the District shall be named as additional insured.
- C. A copy of each policy or endorsement or insurance certificates setting forth the coverage and limits shall be provided to the District within 30 days from the receipt of the document.
- D. In obtaining the insurance coverage, the auxiliary organization may secure the insurance directly through its own broker or through the District.

XIV. Auxiliary Organizations: Use of Facilities

- A. Facilities may be made available by the District to an auxiliary organization to perform the functions specified in these regulations or in an agreement, under the following circumstances:
  - 1. The auxiliary organization may occupy, operate and use such District facilities as are mutually identified as appropriate for the functions and/or activities that have been undertaken by the auxiliary organization.
  - 2. The auxiliary organization shall pay to the District a charge or rental for the District facilities to be used by it in connection with the performance of its function or functions.
  - 3. The charge or rental to be paid by the auxiliary organization shall not require involved methods of computation, and shall be identified by the District and the auxiliary organization in sufficient time before it is incurred so that the auxiliary organization may determine to what extent it shall be liable.
  - 4. The charge or rental to be incurred by an auxiliary organization for use of District facilities in excess of five days shall be incorporated into the agreement between the parties.
  - 5. An auxiliary organization shall provide full reimbursement to the District for any services performed by District employees under the direction of the auxiliary organization. Methods of proration where services are performed by District employees for the auxiliary organization shall be simple and equitable.

XV. List of Auxiliary Organizations in Good Standing

- A. Each year, the Chancellor shall provide to the Board of Trustees a list of all auxiliary organizations in good standing. All auxiliary organizations which, after periodic review in the manner specified hereinafter in these regulations, are found to be in compliance with applicable laws, policies and regulations shall be included in the list.
- B. When the Chancellor has reason to believe that a particular organization should be removed from the list of auxiliary organizations in good standing, a conference shall be held to determine whether such grounds for removal do in fact exist. The board of directors of such organization shall be entitled to participate in this conference, and shall have a minimum of one month notice to prepare response to the issues which have been raised.

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- C. Based upon such conference, the Chancellor shall decide whether the particular organization shall be removed from the list of auxiliary organizations in good standing.
- D. An organization so removed shall not be permitted to do any of the following:
  - 1. Use the name of the District;
  - 2. Have as a director any official in the District acting in his/her official capacity;
  - 3. Operate a commercial service for the benefit of the District or any of its Colleges;  
and
  - 4. Receive gifts, property or funds to be used for the benefit of the District or any of its Colleges.
- E. If the auxiliary organization is dissolved or ceases operations upon removal from the list of organizations in good standing, its net assets and liabilities shall be distributed according to the terms of the written agreement between the organization and the District.

XVI. Limitation on Transfer of Funds to Auxiliary Organizations

- A. No funds or resources, other than funds or resources derived from gifts or bequests, shall be transferred by the District to any of its auxiliary organizations for the purpose of either avoiding laws or regulations which constrain community college districts or providing the District with an unfair advantage with respect to the application of any state funding mechanism. Such state funding mechanisms include, but are not limited to, general apportionment funding, capital outlay funding, Extended Opportunity Programs and Services funding, and funding for programs and services for disabled students.

XVII. Compliance Review by Chancellor

- A. All auxiliary organization procedures and practices shall be reviewed to determine compliance with Education Code Section 72670 et seq., and the policies, rules and regulations of the Board of Governors, and of the District. The Chancellor shall designate the individual to conduct this review, which shall be conducted at the end of the first complete fiscal year after its establishment and at least once every three years thereafter.
- B. When the Chancellor's designee determines, after inspection and review, that certain auxiliary organization procedures and practices are not in compliance with policies, rules and regulations of the Board of Governors and the District, a recommendation concerning the items of noncompliance shall be communicated in writing to the Chancellor and to the board of directors of the auxiliary organization. The board of directors shall reply in writing within one month, either describing the actions which will be taken, including time table, to bring said procedures and practices into compliance; or describing the reasons why the board considers the procedures already to be in compliance.
- C. If the Chancellor's designee considers the proposed corrective actions to be acceptable, the auxiliary organization shall be so informed. A second compliance review shall be held at the

1 end of the time agreed to and the results communicated in writing to the Chancellor and to  
2 the board of directors.

- 3
- 4 D. When the auxiliary organization fails to provide an acceptable proposal for corrective actions  
5 or fails to implement successful corrective actions within the agreed upon time, the  
6 Chancellor shall inform the board of directors of such further action as he/she considers  
7 appropriate, which may include a recommendation to the Board of Trustees for termination  
8 of the contract.

9 XVIII. Revision of Rules and Procedures and Reports to the CCC System Office

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- 11 A. Rules and procedures for the administration of auxiliary organizations may be revised as  
12 necessary by the Chancellor or designee. The board of directors of each auxiliary organization  
13 in good standing shall be promptly notified in writing of such revisions and be informed of the  
14 date by which any changes in the organization's procedures must be accomplished.
- 15
- 16 B. Any such revisions shall be submitted to the state System Office for approval.
- 17
- 18 C. The District shall report, as may be required from time to time, on the operation of its auxiliary  
19 organizations.
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21 **References:**

22 Education Code Sections [72670 et seq.](#); Government Code Section [12580 et seq.](#); Title 5, Section [59250 et](#)  
23 [seq.](#)

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24 **Procedure Last Revised:** January 14, 2009

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