

## 21.01.07.K0.01 Agency Funds



Approved November 17, 2014  
Next Scheduled Review: November 17, 2016

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### Procedure Statement

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The purpose of this SAP is to define agency fund accounts and to outline the procedure for accepting, administering, and accounting for agency fund account.

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### Reason for Procedure

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This procedure is required by System Regulation *21.01.07, Agency Funds*.

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### Procedures and Responsibilities

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#### 1. GENERAL

University funds may not be deposited in an Agency Account. Agency fund accounts are subject to Federal and State Laws. The sponsor may impose additional limitations.

#### 2. RESPONSIBILITY FOR AGENCY FUNDS:

- 2.1 The responsible person will ensure that all disbursements from the account are made in the accordance with the written agreement on file. The Comptroller is responsible for approving and establishing each agency account in the financial reporting system.
- 2.2 University cash may not be loaned to agency fund activities. Sponsors must provide cash for needs in advance.
- 2.3 Expenditures may not be processed against an agency account in a deficit cash position. An agency account that will be disbursing funds to an individual who is not a United States citizen may have special reporting requirements that the sponsor agrees to meet. An agency fund account does not earn interest income and fees are not charged for account maintenance.
- 2.4 Funds may not be withdrawn in excess of account balance. The deposit of agency funds does not entitle the depositor to special rights or privileges. For example,

the depositor, individually, is not entitled to special credit rights, special recognition or special use of the University's name federal identification number, or facilities. An agency may request non-payroll payments on their behalf. IRS Form 1099, must be issued as appropriate to vendors, unless the stipulations of System Regulation 60.01.01, *Association with Affiliated Organizations* requires special processing as shown in the affiliated organization agreement. TAMUK will deposit Agency Funds only in banks with which a board-approved depository agreement has been executed.

### 3. REPORTING AND ACCOUNTING

- 3.1 Institutional fees such as student service fees allocated to student organizations cannot be held in agency funds. No transfer from any fund group may be made to agency funds. Any amounts owed to the agency funds or due from the agency funds, must be recorded as revenue or expense in the financial reporting system.
- 3.2 Payments issued from the agency funds will require documentation consistent with documentation needed for payments from non-agency accounts. As such, documentation for payments will be required for reporting in accordance with federal tax laws. Agency funds are reported in the statement of net assets as funds held for others.

### 4. ESTABLISHING AN AGENCY FUND ACCOUNT

- 4.1 An agency fund account is established by completing a "*New Account Application Form*," and after obtaining approval of the appropriate Supervisor, Academic Division Head or President's Staff Member. The completed form should be forwarded to the Comptroller's Office. The request should be accompanied with the following information:
  - A.) The name of the organization
  - B.) The purpose of the organization
  - C.) The names and signatures of individuals authorized to make withdrawals
  - D.) The number of signatures required to make withdrawals

### 5. CLOSING AN AGENCY FUND ACCOUNT

- 5.1 An agency fund account is closed upon written notice from the sponsor, Applicable Supervisor, Academic Head or President's Staff, and approval by the Comptroller. Remaining funds must be returned to the sponsor.

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## **Related Statutes, Policies, or Requirements**

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[System Regulation 21.01.01, Financial Accounting and Reporting](#)

[System Policy 60.01, Relationships with Affiliated Organizations](#)

[21.01.07.K0.01, Agency Funds](#)

## **Definitions**

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Agency fund account - An account which records funds held by the University as custodian or fiscal agent for a sponsor or a University related organization

Sponsor - The individual or group whose funds are accounted for in the agency fund account.

Sponsored individual - The individual or group as identified in the sponsor's agreement, on whose behalf the funds have been deposited with the University.

Responsible person or persons - The person (normally a University employee or employees) designated to authorize expenditures and manage the account in accordance with State and University rules, regulations, and procedures.

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## **Contact Office**

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