OP 62.22: Agency Funds

DATE: April 25, 2018

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to set forth policy for the establishment of agency funds in the University’s accounting system.

REVIEW: This OP will be reviewed in November of odd-numbered years by the Managing Director of Accounting Services with substantive revisions forwarded to the Vice President for Administration & Finance and Chief Financial Officer.

POLICY/PROCEDURE

1. Policy Statement

   It is the policy of Texas Tech University that agency funds are established only for organizations dedicated to the mutual achievement of educational, research, and public service goals but which are separate entities from the University. To ensure accurate financial reporting and effective stewardship of funds, Accounting Services is responsible for the final determination of agency relationship and granting-associated access to University financial systems.

2. Agency Funds

   a. Agency funds account for resources held by the University as a custodian or fiscal agent on behalf of faculty, staff, and academic and student organizations. The agency retains all its rights, titles and interest in and to such funds.

   b. The establishment of an agency fund does not:

      (1) Entitle the agency to the use of University services other than the normal administration of funds;

      (2) Place the agency under the University’s tax-exempt umbrella;

         (a) Funds deposited to an agency fund are not tax-deductible gifts to the University.

         (b) Expenditures from an agency fund are not entitled to the University’s state sales tax exemption. (Information pertaining to student organization’s tax responsibilities can be found at http://ttu.orgsync.com/RR_Taxes.)

      (3) Make the University liable for any of the agency’s debts, liabilities, or actions;

      (4) Grant the agency the right to use the University’s name, logo, or trade and service marks; or
(5) Continue indefinitely.

(a) Agency status is contingent on adherence to all University policies and State law.

(b) The University has the right to close an agency fund at its discretion after providing reasonable notice.

3. Terms and Conditions

a. Student organizations must register annually with the Center for Campus Life.

b. All other agencies must complete the Agency Agreement Form signed by the designated University sponsor (financial manager) and the agency representative.

c. The financial manager assigned to the agency fund serves as the fiscal agent and assumes responsibility for the proper and compliant administration of the fund.

d. Use of the University’s accounting system, with properly designed internal controls, ensures transactions initiated on agency funds are subject to institutional checks and balances.

(1) Agency funds are requested as an 81 fund type in the online Fund Maintenance System. The requestor must include proof of student origination or the Agency Agreement Form.

(2) Agency resources must be separately accounted for in the University’s accounting system and not commingled with other University funds managed by and/or allocated to the financial manager.

(3) Goods and services purchased on behalf of the agency must comply with all University policy and procedures and be procured through the institutional systems. Procurement policies are contained in chapters 72 and 79 of the University’s Operating Policy Manual.

(4) Funds collected by the agency must be deposited in accordance with University Operating Policy 62.07, Departmental Deposits and Completion of the Departmental Information Sheet (DDIS). Budget is populated systematically upon receipt of funds.

e. Payroll expenses are not allowed. Faculty, staff, and students providing services to agency operations must be paid from a University source.

f. The agency fund must have a positive cash balance at all times.

(1) Should a deficit occur, the financial manager is responsible for remedying the deficit balance promptly upon notification.

(2) Interest earned on agency cash balances is credited to a central University fund unless there is an approved exception from the CFO.
g. Agencies may use services of University departments such as Central Warehouse, MailTech, and Communication Services. All charges for University-provided services will be processed consistent with University Operating Policy 62.26, Charging Departments for Goods and/or Services.

h. University faculty members serving as editors of professional journals/newsletters for organizations and societies related to their academic area of specialization may establish agency funds to account the income and expenses associated with this work.

i. Funds remaining in an agency fund after the fund is no longer needed will be returned to the agency unless different disposition instructions are set forth in the agency agreement.

4. Annual Review

a. Agency funds will be reviewed annually by Accounting Services to determine whether the agency status continues to be appropriate.

b. Inactive balances should not be carried forward indefinitely from year to year, but should be disposed of in accordance with the Agency Agreement Form. If the agency no longer exists, unused balances will be handled in accordance with TTU OP 76.09, Abandoned Personal Property.