

# Agency Policy

## **I. POLICY STATEMENT**

This policy establishes guidelines for requesting and using Agency Funds.

## **II. POLICY PRINCIPLES**

Auburn University (the University) will receive, hold and disburse funds on behalf of approved students, faculty and staff or recognized organizations. These funds, referred to as Agency Funds, are not resources owned by the University. Agency Funds will only be received, held, and/or disbursed by the University if their use is related to the mission of the University.

## **III. EFFECTIVE DATE**

The policy is effective October 1, 2011, revised October 1, 2016.

## **IV. APPLICABILITY**

This policy applies to all university units in possession of funds not owned by the University but are in need to hold and/or disburse such funds.

## **V. POLICY MANAGMENT**

*Responsible Office:* Business & Finance

*Responsible Executive:* VP Business & Finance and CFO

*Responsible Officer:* Controller

## **VI. DEFINITIONS**

Agency Funds: Funds received, held and or disbursed by the University on behalf of an approved student, faculty and staff, or recognized organization.

Recognized Organization: A United States organization associated to the University with a separate tax determination letter indicating it has received tax-exempt status from the Internal Revenue Service IRS as an 501(c)(3) organization of the United States Internal Revenue Code (IRC). Non-US organizations or governments may be considered recognized organizations at the discretion of the University.

## **VII. POLICY PROCEDURES**

- 7a. Agency Funds should not be comingled with other university funds. Therefore, when a unit is in possession of agency funds, one should request a new Banner Fund using the Account Create Form found at <http://www.auburn.edu/administration/business-finance/pdf/bo5530.pdf> . Agency Funds are maintained in the 8A (main campus) and 8B (AUM) fund range.

When requesting an Agency Fund, one must complete the *Agency Account Questionnaire/Agreement* attached and forward to the Controller's Office for processing. All supporting documentation should be attached including, but not limited to, applicable IRS tax determination letters and agreements with the recognized organization.

- 7b. The University should have an agreement with the student, faculty and staff, or organization detailing the business reason for the University to receive, hold and/or disburse the funds, the nature of the activity that will be processed through the Fund, its affiliation with the University, the term of the agreement, and a description as to what will happen to any residual money at the end of the agreement.
- 7c. Examples of legitimate Agency Funds are student related activities such as Honor Societies or student clubs, International/overseas academic programs, conferences, and professional associations. The Controller's Office will make the final determination whether the account is appropriate to be classified as an Agency Fund.
- 7d. As a general rule, Agency Funds may not be over-expended. There may be documented exceptions for those entities whose agreement with the University states they will operate on a reimbursement basis. The Controller's Office reviews all Agency Funds on a quarterly basis. The Agency Fund's responsible person will be notified if there is a deficit. If the deficit balance has not been resolved within 30 days, an interest charge may be assessed on the deficit amount. This fee will be charged to the department's administrative FOAP. In addition, if not resolved, the entire deficit will be charged to the indicated FOAP.
- 7e. Agency Fund day-to-day activity may be charged through the operating ledger using revenue (5XXXX) and expense (7XXXX) account codes. However, Agency Fund activity should only be shown on the University's financial statements as an asset (claim on cash balance) and corresponding liability (deposits held for the custody of others). Therefore, at year-end, the Controller's Office will post entries to move all operating ledger transactions to the general ledger. Agency Funds do not carry budgets available balances. Therefore, the balance in *claim on cash* account code 11000 (shown on FGITBAL) represents the funds available for use.
- 7f. Agency Funds cannot accept funds via credit card or Marketplace. Please refer to the university's *Policies for Credit Card Processing and Security*, which describe the Payment Card Industry (PCI) Data Security Standards.
- 7g. Agency funds are subject to federal and state laws. Agency funds are subject to

sales tax, unless the Recognized Organization is an Alabama legislatively sales-tax exempt entity. Agency funds are subject to lodging taxes. Agency Fund transactions should abide by university spending policies.

**VIII. SANCTIONS**

Agency Funds in a deficit position are subject to interest charges. Agency Funds with remaining deficits will be charged to the FOAP designated upon set-up.

**IX. EXCLUSIONS**

All existing agency funds will remain active. The Controller's office will monitor existing agency funds and close any funds not in compliance as activity in existing funds ceases.

**X. INTERPRETATION**

The Vice President for Business & Finance and CFO, or designee, will interpret what the policy means and how to apply it.

## Agency Account Questionnaire/Agreement Form

Agency funds are used to account for resources held by the University as custodian or fiscal agent for students, faculty and staff or appropriately recognized organizations.

Auburn University agrees to serve as a fiscal agent for whose purpose is related to activities dedicated to the achievement of the educational, research, and public service goals of the University. The agency account must be in the best interests of the University, and must be an appropriately recognized organization, as determined by Financial Reporting.

### Terms and Conditions

1. Business reason for the agency account \_\_\_\_\_
2. Nature of the activity that will be processed through the account (dues, fund raisers, etc.)  
\_\_\_\_\_
3. Legal/corporate status of the organization (501(c)(3), corporation, etc.)  
\_\_\_\_\_
4. Federal tax ID number for the organization \_\_\_\_\_
5. Name of any other organization on whose behalf the organization is functioning as an agent or intermediary (if applicable). \_\_\_\_\_
6. Affiliation with Auburn University \_\_\_\_\_
7. Person or persons authorization on whose behalf the organization is functioning as an agent (Responsible Person in Department) \_\_\_\_\_
8. Term of the agency agreement \_\_\_\_\_
9. How will the residual dollars be disbursed at the end of the agreement? \_\_\_\_\_  
\_\_\_\_\_
10. FOAP to charge any overages: \_\_\_\_\_

This agreement certifies that account activity is related to but not fundamental to the University's primary mission and will also ensure the University's relationship with the organization or third party is that of custodian or fiscal agent.

By signing below, the organization and third party agrees to ensure activity in agency accounts is in adherence to University policies and procedures. The responsible person and department are responsible for the balance in the account and will ensure the account will not go into a deficit condition. If a deficit occurs and is not rectified within 30 days, the department is responsible for the deficit.

University Department \_\_\_\_\_ Date \_\_\_\_\_

Organization or Third Party \_\_\_\_\_ Date \_\_\_\_\_