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A-54, Agency Accounts

October 15, 1987

I. REFERENCES

- A. University Policy on the Administration of Restrictive Financial Aid Funds, adopted by The Regents January 17, 1969, and revised March 18, 1977.
- B. Action by The Regents reaffirming that Associated Students on the various campuses of the University are official units of the University, May 18, 1972.
- C. Letter on the Implementation of The Regents' May 18, 1972 action, Vice President Robert L. Johnson to Chancellors, August 10, 1972.
- D. "Supplement Memorandum: Title IX Regulations-University Interpretation of Section 86.37 Relating to Student Financial Aid," Vice President Johnson to Chancellors and Laboratory Directors, May 27, 1976.
- E. Policy on Campus Foundations, adopted by The Regents May 17, 1987.
- F. Business and Finance Bulletin BUS-43, Materiel Management.
- G. Business and Finance Bulletin BUS-54, Operating Guidelines for University Supply Inventories.

II. PURPOSE

This Bulletin sets forth the general guidelines and procedures for establishing agency accounts for non-University entities.

III. INTRODUCTION

For purposes of this Bulletin, agency accounts are to be considered as those accounts established by the University for non-University entities - such as student, faculty, staff, governmental, and private organizations or activities, and Campus Foundations-for which the University provides the agency services presented in Section IV.B., below. In accepting funds for the operation of activities sponsored by these entities, the University does not usually exercise any direct fiscal control over the use of the funds; such control remains in many cases in the hands of the sponsoring entity. Hence, it should be clearly understood by the parties concerned that funds accepted are not considered tax-deductible donations to the University in as much as disbursements, and use of these funds are made only in accordance with the specific instructions from the sources.

The activities of these entities are usually closely associated with or even related to the activities of the University, and these entities in fact directly or indirectly provide services or benefits to the University community, i.e., students, staff, and faculty. Nonetheless, the receipts and disbursements of funds coming from these entities are not reported as University income and expenditures, as these entities are not considered official units of the University.

IV. GUIDELINES FOR AGENCY ACCOUNTS

A. TYPES OF ACCOUNTS

Based on the purposes intended for the funds received, agency accounts may be established as follows:

1. Scholarships and Fellowships Definition

These are accounts in which funds are received for purposes of providing scholarships, fellowships, and other aids to students matriculating in established degree programs of the University. The entities providing the funds have the sole discretion in designating the recipient and the amount of stipend or aid to be provided. Normally funds for agency scholarships and fellowships are received from foundations, institutions, governmental agencies (both domestic and foreign), private firms and associations, service clubs, and similar organizations. Funds may also be received from individuals such as parents or relatives of students.

Guideline

Campuses may, at their individual discretions, provide agency services to groups or individuals, as mentioned above, as long as funds provided are intended to aid students registered at the University. In providing these services, campuses should take into consideration the "University Policy on the Administration of Restrictive Financial Aid Funds," adopted by The Regents on January 17, 1969, and revised on March 18, 1977, and the regulations regarding the administration of sex-restricted scholarships as set forth in "Supplement Memorandum: Title IX Regulations-University Interpretation of Section 86.37 Relating to Student Financial Aid," dated May 27, 1976, from Vice President Robert L. Johnson to Chancellors and Laboratory Directors.

In matters concerning the restriction of funds provided for scholarships, any questions regarding the need to make direct inquiry to the funding entity should be directed to the campus financial aid officer, as called for under the afore cited regulations.

Disbursements of these funds can be made as direct payments to recipients of specific scholarships or fellowships or as an offset against student, residence hall, or other student fees due from the recipients. For campuses using the Financial Aid Information System (FAIS), disbursements must be recorded in FAIS as well as in the campus General Ledger.

2. Student Organizations and Activities

Definition

These accounts are established for student organizations such as student clubs, residence hall associations, or workshops sponsored by student groups. Excluded from these types of accounts are accounts established for the Associated Students organizations. The Regents, at their May 18, 1972 meeting, reaffirmed that "The Associated Students in the several campuses of the University are official units of the University." Campuses should adhere to the local procedures established for the accounting of Associated Students fiscal activities in response to Vice President Robert L. Johnson's letter of August 10, 1972, to the Chancellors on the implementation of The Regents May 18, 1972 action.

Guideline

Agency accounts of these types should be provided only for bona fide student activities and University-affiliated student organizations, with approval of the appropriate campus administrative office such as the Vice Chancellor-Student Affairs Office.

3. Faculty/Staff Organizations and Activities

Definition

These are accounts established for faculty and/or staff organizations and activities-such as professional and scientific organizations in which faculty and/or staff are members, conferences and workshops sponsored by faculty or staff groups, billing and collection services for medical professional fee plans, faculty club operations and

auxiliary-type groups such as alumni groups and hospital auxiliaries. Agency accounts, where warranted, may also be established for activities of individual faculty members if such activities will benefit the University. However, agency accounts should not be established for grants or contracts awarded to faculty members as individuals where the research would normally be handled as a departmental research grant or contract.

This will eliminate the possibility of agencies awarding grants or contracts to individual faculty members rather than to the University in order to avoid charges for indirect costs or to bypass University regulations on the administration of grants and contracts.

Guideline

Establishing agency accounts for faculty/staff organizations and activities should be made only with approval from a campus administrative office such as the Vice Chancellor-Academic Affairs Office for faculty activities or the Vice Chancellor-Staff Personnel Office for staff organizations.

4. Campus Foundations

Definition

These are accounts established for Campus Foundations in accordance with the Policy on Campus Foundations adopted by The Regents on May 15, 1987.

Guideline

Each campus should establish agency accounts for its Campus Foundation unless the Campus Foundation accounts are established as regular University accounts. The accounts are to be used for restricted funds received and unrestricted funds allocated for support of Campus Foundation activities. All expenditures are to be made in accordance with University or explicit, written Campus Foundation policies.

5. Other Agency Activities

Definition

These are accounts established for non-University organizations that do not fall under the classifications of the foregoing four types of accounts.

Guideline

These types of accounts may be established, provided the University has entered into an agreement with a specific organization to participate jointly in a project or undertaking where the University agrees to act as the fiscal agent.

B. SERVICES TO BE PROVIDED

The types of services to be provided to the above-mentioned entities may include the following:

1. Normal administration of funds-cash receipts and disbursement services.
2. Use of campus service departments with the approval of the appropriate campus office, such as the Administrative Vice Chancellor's Office. The amount to be charged for such use should be based upon the campus standard recharge rates for the services of the department involved.
3. Purchase of materials from campus storehouses with the approval of the Chancellor, in accordance with Business and Finance Bulletin BUS-54, "Operating Guidelines for University Supply Inventories, in Section IV.

Direct payroll charges and purchases through the campus purchasing department should normally not be permitted for these entities. When it is necessary to provide these services, specific approval should be obtained from the Chancellor. When direct payroll services are handled for agency accounts, there should be a clear, documented agreement between the funding entity and the campus

department involved that the individuals included in the activity or project payroll are University employees (eligible for all employee benefits and covered by the University's personnel rules). Under no circumstance should direct payroll service be provided for non-University employees, as this would involve separate tax reporting and other complications. When payroll services are provided, all employee benefit costs must be paid from the agency account.

Signature authorization forms (Form U242) for these accounts should be provided by the campus administrative office approving the establishment of any given agency accounts. These forms should be properly completed by the activity, project, or group for which the agency account is being established before any of the above-mentioned services can be authorized or provided.

C. COST RECOVERY

Agency services provided by the University, as listed in Section IV.B., above, are extended in recognition of the benefits accruing to the University. In providing such services, campuses should weigh the benefits accruing to and the costs to be incurred by the University. In cases where the services are provided to large organizations-such as faculty clubs-or where substantial additional workload will be required, any increase in cost associated with the additional workload should be recovered.

V. ACCOUNTING

Agency account transactions are recorded as balance sheet items, not as University income and expense. If receipts from an entity, organization or an individual are in excess of the amount expended, the difference is to be recorded as a liability of the University to the entity, organization or individual concerned; if receipts are less than the amount expended, the difference is to be recorded as a receivable due to the University from the entity, organization or individual concerned.

During the year, receipts and disbursements of agency funds may be recorded in non-reportable expenditure accounts in the 80XXXX account series. This will provide the campuses with the ability to identify separately each agency account and enable the accounting offices to provide the General Ledger expenditure sheets to departments administering these accounts. At year end, as part of the fiscal closing process, any balances in these non-reportable expenditure accounts must be transferred as appropriate to a balance sheet receivable or liability account. Any balances remaining after completion of the activity or project should be returned to the original fund source. However, if it is not possible to return a balance due to discontinuance of the activity or project, such balance should be transferred either to the campus General Funds miscellaneous income account or to a University gift fund income account designated by the sponsoring entity.

VI. RESPONSIBILITIES

The guidelines set forth in this Bulletin are general in nature and are intended only to provide the basic descriptions of the types of agency services which campuses may provide at their individual options as well as to present a broad background on the fundamental function of agency accounts. It is the responsibility of each campus to establish its own detailed procedures for agency services. Also, it is each campus' responsibility to ascertain that agency funds are readily available (i.e., they have been received and are on deposit in the agency's account) prior to making any disbursements.

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