AGENCY FUND POLICY

Policy Statement

In certain instances, the University may act as a fiscal agent for outside agencies, such as student organizations.

Reason for Policy/Purpose

This policy governs the establishment and use of agency funds maintained by the Controller’s Office.

Who Needs to Know This Policy

This policy should be made known to the University of Southern Mississippi’s campus community to include but is not limited to the office of Student Activities, student organizations associated with USM, fraternities, sororities, and the UNIVERSITY sponsor(s).

Website Address for this Policy

http://www.usm.edu/institutional-policies/policy-adma-fin-007

Definitions

Agency fund: a fund established by Controller’s Office to record the administration of monies for which the University acts as fiscal agent and provides services to an outside principal. Agency funds are assigned within the 50XXX fund code. Moreover, these funds are not considered University monies or charitable contributions to the University.

Agent: for the purposes of this policy, the UNIVERSITY is always the agent.
**Principal:** a professional or scientific organization in which faculty or staff are officers or editors; a student, a staff, or an alumni association; or another sponsoring entity outside the UNIVERSITY that authorizes the UNIVERSITY to act as its agent, subject to the principal's general control and instructions as expressed through the sponsor. The principal should provide a positive cash balance in the fund at all times unless otherwise authorized to do so, and advise the UNIVERSITY sponsor on the appropriate use of funds deposited. There may be certain situations where a necessary exception has been deemed appropriate surrounding the positive cash balance requirement. As such, authorization must be given, and a reimbursement processes must be in place to maintain the transaction(s).

**Signatory:** a UNIVERSITY employee granted signature approval authority for financial transactions of an agency fund. Only the following specific duties may be delegated to a signatory: depositing cash, and verifying that a positive cash balance remains in the account at all times unless a necessary exception has been authorized by the controller, and authorizing disbursements to be processed through accounts payable.

**Sponsor:** a UNIVERSITY faculty or staff employee authorized by the principal to act on its behalf and who assumes responsibility for the proper administration and monitoring of the agency fund. The sponsor may designate a signatory to whom to delegate approval authority for the various forms necessary to initiate transactions on the agency fund. The monitoring responsibilities of the sponsor cannot be delegated.

**Policy/Procedures**

**A. Establishing an Agency Fund**

1. Agency funds may be established for outside activities that support or enhance the mission of the University and where there is mutual benefit in the University acting as fiscal agent for the principal. The activities must directly or indirectly provide services or benefits to the University's programs or to its students, staff, or faculty.

2. All agency funds must have a UNIVERSITY sponsor who assumes responsibility for the proper administration of the agency fund on behalf of the principal and in conformity with University policies and federal, state, and local laws.

3. Examples of appropriate agency funds include a fund established for a professional journal when a UNIVERSITY faculty member is an editor of the journal, or for professional training, continuing education, or conferences offered by an outside professional organization and administered by UNIVERSITY, or employee, student, or alumni organizations or clubs sanctioned by the University. The University's responsibility to a principal under this policy is limited to acting as the principal's fiscal agent.

4. Fund establishment requires the following approvals on the Request for Agency Fund Form (available at the following address: http://www.usm.edu/controller/forms-0):
   a. The Principal (or authorized employee of the principal);
b. The UNIVERSITY sponsor;
c. Department chair or director/Dean;
d. Tax Compliance Officer;
e. Controller’s Office

B. Agency Funds Services
Services provided by the University under the agency arrangement include the following:
1. Cash receipting through the Business Office;
2. Use of campus service departments at established rates;
3. Accounts payable;
4. Purchasing services;

C. Terms and Conditions of Agency Funds
1. Monies accepted for deposit in agency funds are not considered tax-deductible gifts to the University. Tax-deductible monies and or gifts are maintained by the USM Foundation. Prior to receiving gifts and tax-deductible donations, the Principal, the Sponsor, and or the Signatory must discuss with the USM Foundation’s CFO regarding whether or not the transaction(s) should take place and how the anticipated transaction(s) should be handled.

2. Agency funds must have a positive cash balance at all times unless a necessary exception has been deemed appropriate surrounding the positive cash balance requirement. The Controller’s Office and or the Procurement Office may enforce this provision by not processing a disbursement that will create or increase an overdraft.

3. Checks for deposit to the agency fund must be made payable to The University and deposited at the Business Office, in account 405500 “Agency Deposits” where 50XXX is the fund code assigned to the specific agency program code. The UNIVERSITY’s expenditures account codes found on the University's chart of accounts should be used appropriately to track activity and record expenditures.

4. The Principal, the Sponsor, and or the Signatory must adhere to all applicable federal, state, and local laws. As such, special events and fundraisers held by the Principal may be subject to sales tax. The Principal Officers and or the Sponsor have an obligation to contact the UNIVERSITY’s Tax Compliance Officer before the event takes place to discuss any potential tax liability surrounding the forthcoming special events and fundraisers and the required information to be submitted after the event (including the deadline for submission).

5. Signature Authorization Forms (Request for Signature Authority Change: http://www.usm.edu/controller/forms-0) bearing the appropriate signatures of the sponsor and authorized signatory for the agency fund must be filed with the Controller's Office.

6. All disbursements require the appropriate purchasing authorization. The accounts payable department will issue University checks against the agency fund based on a
documented Request Form or a vendor invoice that cites the agency fund number and bears the payment approval signature of the sponsor or signatory for the account.

7. Campus service department recharges for goods and services ordered by and rendered to the principal will be directly charged to the agency fund.

8. The Controller’s Office grants access to Monthly Distribution Reports (MDR) in SOARFIN to monitor the agency fund’s transactions and cash balance.

9. The agency fund must be closed at the completion of the project or activity. Any credit balance remaining in the fund will be refunded to the principal or, if the principal no longer exists, transferred to the campus general fund miscellaneous income account.

D. Exceptions

Exceptions to the terms and conditions of agency funds can only be granted by the Controller.

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**Review**

The Associate Vice President of Finance/Controller is responsible for the review of this policy every four years (or whenever circumstances require immediate review).

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**Forms/Instructions**

Agency Account Request Form

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**Appendices**

Appendix A is included in the Agency Account Request Form

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**Related Information**

N/A

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**History**

N/A
Authorization

AGENCY FUND POLICY
ADMA-FIN-007

As the Responsible Officer, I have reviewed this policy and believe it represents the current policy.

____________________________________  ____________________
Responsible Officer                          Date