

21.01.07 Agency Funds

Approved July 9, 1998
Revised July 28, 2005
Revised January 24, 2011
Next Scheduled Review: January 24, 2013



Regulation Statement

This regulation defines the standards for the operation of agency funds for The Texas A&M University System (system).

Reason for Regulation

This regulation provides guidelines for the recognition and accounting of agency funds for system members.

Procedures and Responsibilities

1. TYPES OF ENTITIES OR EVENTS

- 1.1 Each member may accept deposits of agency funds from the following types of entities or events:
 - (a) Student, faculty, staff, alumni, support and other affiliated organizations recognized by the member.
 - (b) College work-study funds for external employers.
 - (c) Professional organizations in which the member is a participant.
 - (d) Organizations headquartered on the campus.
 - (e) Conferences or events with the approval of the member chief executive officer or designee.
- 1.2 An agency fund relationship with an affiliated organization must follow the guidelines established by System Policy *60.01, Relationships with Affiliated Organizations*, and any related regulations.

2. AGREEMENT

The standard agreement for an agency fund account should contain, as a minimum, 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; and
- (d) the number of signatures required to make withdrawals.

3. INTERNAL CONTROLS

Each member is responsible for maintaining internal controls for processing and custody of agency funds. Each member will maintain separate agency fund accounts for each depositor or organization detailing all transactions.

4. REIMBURSEMENTS

With the agreement of the depositor, the member may be reimbursed for any expenses including treasury fees incurred from the holding of these funds. The member may retain interest earnings from invested agency funds per the terms of the agreement.

5. PAYMENTS

The funds shall be payable upon demand of the depositor unless otherwise agreed upon in writing by the member and depositor. The depositor may not withdraw funds in excess of the deposit balance.

6. SPECIAL RIGHTS OR PRIVILEGES

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 member's name, federal identification number or facilities.

7. DISBURSEMENTS

Each system member may write non-payroll checks on behalf of the depositor from the agency fund account. IRS Form 1099 must be issued as appropriate to vendors unless the stipulations of System Regulation *60.01.01* require special processing as shown in the affiliated organization agreement.

8. PAYROLL

Each member must not process payroll directly from agency funds.

9. REPORTING AND ACCOUNTING

9.1 Institutional fees such as student service fees allocated to student organizations must be recorded in an account on the member's books and cannot be held in agency funds.

- 9.2 No transfers 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 on the member's books.
- 9.3 Each member must be consistent in the internal treatment of agency funds. If the member agrees to hold funds for an organization, and if the member requires documentation for withdrawals, each Form 1099 event must be reported in accordance with federal tax law.
- 9.4 Members must establish procedures for required documentation for withdrawals from agency funds.
- 9.5 Agency funds are reported in the statement of net assets as funds held for others.

10. DEPOSITS

Agency funds may be deposited only in banks with which a board-approved depository agreement has been executed.

Related Statutes, Policies, or Requirements

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

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

[System Regulation 60.01.01, Association with Affiliated Fund Raising Organizations](#)

Definitions

Agency funds – funds held in custody by the member. The member serves as the fiscal agent of the funds on behalf of the owner of the funds.

Contact Office

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