

AGENCY FUNDS PROCEDURES

Purpose:

To define agency funds and identify the responsibilities associated with agency funds.

Definition of Agency Funds:

Agency funds are used by the University to account for resources held by the University as an agent for independent organizations. Agency funds must be used for activities consistent with or in support of the mission of the University (education, research and service).

The University has little or no discretion over the use of these resources except that it requires that the independent organizations expressly agree to abide by the standards mandated by the policies, procedures, and guidelines of the University. Agency fund balances are recorded as a liability on the University's statement of financial position as they represent deposits held for others.

Agency funds are typically established for:

- Local chapters of national student organizations and clubs
- Professional or academic organizations or journals unrelated to the University that are supported by University faculty in their role as officer, advisor, editor or conference organizer
- Student financial aid donor organizations that provide aid for a designated recipient or aid that is refundable to the donor

Agency Fund Transactions:

When charging transactions to an agency fund, representatives of the independent organization cannot use the University's tax-exempt status or negotiated contracts, or hold themselves out as being part of, controlled by, or acting on behalf of the University. Receipts to agency funds may not be acknowledged as tax-deductible gifts to Lehigh University. Deposits to agency funds must be processed through the Bursar's Office.

The independent organization and its authorized representative must take affirmative steps in all of its business and dealings with third parties to explain its relationship with the University. Responsibility to follow this procedure rests with the independent organization and its representative, not the University.

University Services Not Available to Agency Funds:

The University provides limited service to agency funds. The following is a list of services that will not be provided. Such list should not be considered to be comprehensive of all services that are not appropriate for agency funds.

- University payroll transactions will not be processed against agency funds;
- the Bursar's Office will not establish receivables on behalf of agency funds;
- agency funds may not use the University's nonprofit mailing permit;
- agency funds may not use the University's sales tax exemption;
- gifts cannot be processed to agency funds by the Advancement Office;
- the services of the Offices of Risk Management, University Audit, and General Counsel are not available in support of agency fund activities

How to Request an Agency Fund:

Requestors should complete the Request for a New Banner Index Form and send it to the Controller's Office (the form is available in the General Accounting Forms section of the Controller's Office website).

An individual employed at the University as faculty or exempt staff must agree to be the financial manager of the fund. The Request for a New Banner Index Form must be signed by both the financial manager and their Dean or Vice President.

If the Controller's Office determines that the request meets the criteria for an agency fund, the Controller's Office will create the fund (9xxxxx in Banner Finance).

Responsibilities:

Financial managers have access to all accounting information in the Banner Finance System to adequately monitor their funds. It is the responsibility of the financial manager to share any reports, or prepare special reports, for any organization.

The assets and/or liabilities associated with the fund will be the responsibility of the organization for which the fund was created. Surplus fund balances remain the property of that organization and the organization must promptly fund any deficit fund balances.

All financial managers of agency funds are expected to adhere to the highest of fiduciary responsibilities. However, the University, as agent, cannot guarantee to an organization that the named financial manager's actions are appropriate or in accordance with the organization's expectations. It is the organization's responsibility to monitor such actions. The University assumes that an individual who signs a request for an agency fund on behalf of an organization has the authority of that organization to open such fund and serve as the financial manager of the fund.

The University reserves the right to terminate any agency fund at its sole discretion.