

SYSTEM REGULATION

21.01.07 Agency Funds *July 9, 1998* *Revised July 28, 2005* *Supplements System Policy 21.01*

1. PURPOSE

- 1.1 The purpose of this regulation is to gain consistency in the treatment of agency funds by the components of The Texas A&M University System.
- 1.2 Agency Funds are defined in Section 3 of System Regulation *21.01.01, Financial Accounting and Reporting*.

2. TYPES OF ORGANIZATIONS OR EVENTS

Each component may accept deposit of agency funds from the following types of organizations or events:

- a) Student, faculty, staff, alumni, support and other affiliated organizations recognized by the component.
 - b) College work-study funds for external employers.
 - c) Professional organizations of which the component is a member.
 - d) Organizations headquartered on the campus.
 - e) Conferences or events, with the approval of the component Chief Executive Officer, or designee.
- 2.1 An agency fund relationship with an affiliated organization must follow the guidelines established by System Policy *60.01, Relationships With Affiliated Organizations*.
 - 2.2 An affiliated fund raising organization whose primary purpose is to be authorized to accept money on behalf of the component; such as a foundation, alumni association or booster club; is further governed by System Regulation *60.01.01, Association with Affiliated Fund Raising Organizations*.

3. 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.

4. INTERNAL CONTROLS

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

5. REIMBURSEMENTS

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

6. PAYMENTS

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

7. SPECIAL RIGHTS OR PRIVILEGES

A depositor of agency funds is not entitled to special rights or privileges by virtue of his or her deposit of funds. For example, the depositor, individually, is not entitled to special credit rights; special recognition or special use of the component's name, federal identification number or facilities.

8. DISBURSEMENTS

Each System component may write non-payroll checks on behalf of the depositor from the agency fund account. IRS Forms 1099 must be issued as appropriate to vendors unless the requirements of System Regulation 60.01.01 requires special processing as shown in the affiliated organization agreement. (See Section 12)

9. PAYROLL

Each component must not process payroll directly from agency funds.

10. TRANSFERS

Institutional fees such as Student Service Fees allocated to student organizations must remain in the originating fund group and cannot be transferred to agency funds.

11. DEPOSITS

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

12. REPORTING

Each component must be consistent in the internal treatment of agency funds. If the component agrees to hold funds for an organization, and if the component requires documentation for withdrawals, each 1099 event must be reported in accordance with federal tax law.

CONTACT FOR INTERPRETATION: System Office of Budgets and Accounting

HISTORY: July 9, 1998

[Section 21 Rules](#)