



Agency Fund Administrative Policy

Approved By:	B. Hofler Milam, Senior Vice President for Finance and Administration & CFO
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Responsible Office:	Financial and Accounting Services (FAS)
Authority:	Associate Vice President for Finance and Controller

Policy Statement

Wake Forest University (WFU) acts as a [custodian](#) or fiscal [agent](#) of certain resources on behalf of other organizations. The resources are deposited with the institution for safekeeping, to be used or withdrawn by the depositor in accordance with agreed upon terms and conditions. The University does not own these funds, but does have a fiscal responsibility to manage the funds properly. The University accepts these resources only when the funds will be used by the organization for activities consistent with, in support of, or which enhance the mission of the University and where there is an agreement that the University will act as fiscal agent for the organization. It should be noted that because these funds are not owned by the University, Wake Forest University gift credit may generally not be received for gifts to Agency funds.

Reason for the Policy

From time to time campus community members have fiscal responsibility, often as Treasurer, for professional organizations that they are involved in or as custodian of resources for which the University is acting as a fiscal agent. These organizations are separate from the university and are funded from sources independent of the university (e.g. membership dues). The campus community member serving as treasurer or fiduciary may request that the university act as custodian and in so doing may request Financial & Accounting Services to establish a separate fund (an agency fund) in the university's accounting system to assist the organization in safekeeping cash as well as providing reporting capability on activity and balances. The purpose

of this policy is to clarify when an agency fund can be offered and when another arrangement is necessary due to the complexity of the organization's needs.

Policy

An agency fund will only be set up if: the University does not have authority to redirect the use of funds; the activity that generated the funds is not part of a reciprocal transfer; the funds are not designated for University scholarships, fellowships, or other financial aid; and the funds will be expended for activities which support the mission of the University. The [Agency Fund Decision Flow Chart](#) has been created to assist in determining whether it is appropriate to establish such an agency fund. The funds in WFU's general ledger where the resources are recorded are called [agency funds](#). These funds are identified in WFU's general ledger with an alphabetic character "A" (e.g. A00001).

All agency funds must have a WFU [sponsor](#) or authorized representative who assumes responsibility for the proper administration of the agency fund on behalf of the organization and in conformity with University policies and federal, state, and local laws. Please refer to the [Agency Fund Administrative Procedure](#) for further assistance in overseeing an agency fund.

Responsibilities

Financial & Accounting Services (FAS) is responsible for establishing and communicating the administrative procedures concerning agency funds as well as determining the whether an agency fund relationship exists. FAS will review the [Agency Fund Request Form](#) for new agency funds, and when appropriate, facilitate the process of creating an agreement between WFU and the organization ([Agency Fund Agreement](#)). FAS will periodically review agency fund accounts within the University's general ledger for accuracy and inactivity, and prepare timely reconciliations.

The **Authorized Representative (and any WFU employee with transaction authority on the agency fund)** is responsible for the following:

- Coordinate the establishment and termination of the agency fund.
- Follow terms and conditions established by the organization and set forth in the Agency Agreement Form as well as ensure that only allowable charges are processed through the agency fund.
- Manage and process transactions on behalf of the organization ensuring that sales taxes are paid on purchases when appropriate, and that sales taxes are collected on sales when appropriate.
- Perform monthly reviews and reconcile agency fund activity.
- Monitor the balance in the agency fund and notify the organization prior to the funds being depleted.
- File the organization's annual tax return, maintain the organization's formation documents and exemption status, or review these items if another party outside the University has these responsibilities.

If the Authorized Representative is paid through a **University Department**, then the Department is responsible for the following:

- Establish effective processes and controls to ensure compliance with this policy.
- Communicate the provisions of this policy to all faculty, staff, and students who are involved with agency funds.
- Act as liaison between WFU, the [authorized representative](#), and the organization.
- Record, monitor, review, and report transactions to the organization and its authorized representative.
- Follow established guidelines of the organization. Cover any deficits or uncollected amounts.
- Ensure that existing employees have properly transferred authority over agency funds using the [Agency Fund Request Form](#) prior to their departure from the University.

Primary Guidance

The AICPA Audit and Accounting Guide, *Not-for-Profit Organizations* (NFP Guide – AAG - NPO 5.11 & 10.11) states that if cash or financial assets are held under agency agreements, the institution should report a liability concurrently with its recognition of the assets held. [Other references: FASB 136 *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, FASB 116 *Accounting for Contributions Received and Contributions Made* and APB Opinion No. 22 *Disclosure of Accounting Policies*]

Responsible University Office or Officer

Financial & Accounting Services – Associate Vice President for Finance & Controller

Who Is Governed By This Policy

Compliance with this policy defined herein is mandatory for all WFU faculty, staff, and students who are working for or on behalf of the University and are involved in agency relationships with external organizations. Full adherence will assist FAS personnel in accurately managing agency funds included in the University's financial statements and ensure compliance with federal and state laws.

Who Should Know This Policy

All employees, including faculty, staff, and students, who are working for or on behalf of the University, have the use of or oversight of an agency fund must know this policy, including but not limited to the following:

- All Finance Staff
- Department Administrative/Business Managers
- Any employee who may be the [authorized representative](#) for an organization
- Employees with transaction authority on an agency fund

Exclusions & Special Situations

None

Highlights of Revisions by Date

None

Violations of Finance Policy

Violation of a financial policy should be reported to your supervisor, faculty administrator, human resource representative, department manager and/or the office responsible for the policy. Where these resources are inadequate, you may choose to make an anonymous report through any of the following:

University Compliance Office at 336-716-5252 or
Compliance Hotline at 877-880-7888 or

[WFU compliance web site](#)

Contacts

[General Accounting Manager](#)

[Director of Accounts Payable](#)

[Cashier, Student Financial Services](#)

Related Policies

All Finance Policies & Procedures located at:

[Finance Policies & Procedures Library](#)

Related Documents

[Agency Fund Administrative Procedure](#)

Appendix A - DEFINITIONS

These definitions apply to these terms as they are used in this policy.

Agency fund – a fund established by the University to record the administration of monies for which the University acts as custodian or fiscal agent for others (e.g. an independent organization). Agency funds are not considered University monies nor are they charitable contributions to the University. WFU policy is to accept agency funds only when they help to fulfill the mission of the University.

Agency Fund Request Form – Form requesting that a new account be established in the WFU accounting system. Information about the nature of the organization, how and when it will be funded, who will be authorized to expend its funds, and other tax and governance information which must be collected and forwarded to FAS prior to approval (see appendix B – Forms).

Agent – for the purposes of this policy, WFU is always the agent.

Authorized Representative – a WFU employee authorized by an organization to request that an agency fund be opened on the organizations behalf. The authorized representative or designee may have signature authority on the agency fund and, therefore, would be able to process transactions on behalf of the organization (see the “*Responsibilities*” Section of this document).

Custodian – the university when it acts in its capacity as guardian for an external organization’s resources. To protect the interest of both the University and the organization, WFU gives the same degree of protection as it gives its own property.

Agency Fund Agreement – Contractual agreement between WFU and an organization that outlines the responsibilities of all parties involved in opening and managing an agency fund. The agreement must articulate the limits of the relationship, and cannot be amended except by written document executed by both parties. If WFU does not approve the agency relationship, the [Manager, General Accounting](#) will work with the requestor to assist in determining the proper accounting treatment, if applicable (see appendix B – Forms).

Sponsor – a WFU 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 in the agency fund. The monitoring responsibilities of the sponsor cannot be delegated.

Appendix B – FORMS

[Agency Fund Request Form](#)

[Agency Fund Agreement](#)