



Category:
Financial
Related Entities

Responsible Office:
[University Controller](#)

Policy Title:
Agency Account Guidelines

Document Number:
7000

Effective Date:
July 01, 2003

This policy item applies to:
State-Operated Campuses

Table of Contents

[Summary](#)
[Policy](#)
[Definitions](#)
[Other Related Information](#)
[Procedures](#)
[Forms](#)
[Authority](#)
[History](#)
[Appendices](#)

Summary

The State University of New York (University) use agency accounts to receive, hold, and disburse funds on behalf of students, faculty, staff members, or appropriately recognized organizations. Agency accounts exist because there is a relationship between the University and the activity from which the funds are derived. These non-state agency accounts are funded from activities such as conferences, child-care centers, student activity fees, orientation fees and a number of other activities. Agency accounts are not to be used to receive, hold or disburse state funds.

Policy

A. Agency Funds

Agency funds are maintained by University-related organizations which have an established relationship with the University. These funds contain agency accounts. Agency funds are resources held by a University-related organization in a custodial or fiscal agent capacity for the benefit of individual students, faculty or staff members, or appropriately recognized organizations and are not funds of the University-related organization itself.

B. University-related Organizations

The University-related organizations which shall be authorized to administer agency accounts are:

1. The Research Foundation of State University of New York
2. Auxiliary Services Corporations / Faculty Student Associations
3. Campus-related Foundations
4. Alumni

Associations

The University-related organizations should have a tax determination letter indicating it has received tax-exempt status from the IRS as an §501(c) (3) organization of the United States Internal Revenue Code (IRC). Also, in order to be exempt from New York State sales tax, an application - Form ST-119.2, *Application for an Exempt Organization Certificate* - is required to be filed with the State Department of Taxation and Finance. If approved, a certificate number is issued by the state validating that it is a certified tax-exempt organization. The certificate number is required to be used on New York State Department of Taxation and Finance Form ST-119.1, *Exempt Organization Certification*, provided to vendors evidencing exemption from sales tax on purchases. This form is available by calling 1-800-462-8100.

A University-related organization is formed as a non-profit corporation under the laws of the state and tax-exempt under 501(c) (3) of the Internal Revenue Code (IRC). When the University-related organization is acting in an agency capacity for an activity that is in support of the University's educational purpose and conducted by a faculty member or a Student Government Association (or similar unincorporated tax-exempt association) exemption from sales tax by using its certificate number (issued by the New York State Department of Taxation and Finance) is appropriate and allowable.

Another option is for the unincorporated association to consider applying for an EIN and obtaining a tax-exempt certificate. Federal and state tax-exempt status of a campus-related 501(c)(3) may be jeopardized where it is disbursing funds on behalf of an unincorporated organization that is not a tax-exempt organization and/or where the activity is not related to the mission of the University.

C. Application of Guidelines

To the extent that authorized University-related organizations act as custodial and/or fiscal agents for agency funds as described in Section A above, they shall be bound to comply with these guidelines. These guidelines shall not apply to the Research Foundation of State University of New York in the context of its administration of University's funding for sponsored research and other sponsored programs pursuant to agreement with State University of New York (Comptroller's contract no. C-113239) in accordance with Chapter 50 of the Laws of 1977.

D. Agency Fund Activities and Services

1. General - agency funds shall not be maintained for any activity which involves the deposit of funds of the state or other revenue in which the state or the University holds a legal or equitable interest, except pursuant to a contract approved in accordance with the University contracting procedures.
2. Appropriate agency funds activities - examples of activities or functions, the revenue from which is appropriately administered through agency accounts, include:

a. Clinical Practice Plans

Clinical practice plan activities are authorized by the collective bargaining agreements between the state and the united university professions. The policies of the University Trustees contain a codification of the understanding reached in that agreement. Consistent with the policies, each practice plan establishes mechanisms for the conduct of its business. The governing board of a practice plan, at its option, may utilize any fiduciary custodian to provide banking and other financial services essential to conducting the financial affairs of the practice plan. The use of agency accounts by the governing board is an appropriate practice.

b. Student Activity Fees

University policy calls for these fees to be turned over to an independent fiscal agent to provide financial, business and accounting services from a University-related organization. The fiscal agent must be one of the following independent entities: Auxiliary Services Corporation, Faculty Student Association, campus-related foundation, Research Foundation or other contractually- recognized campus-affiliated organization unless the campus receives an exemption from this requirement from the vice chancellor for finance and business. Therefore, accounts derived from student activity fees are appropriately handled as agency accounts.

c. Other Student-related Activities such as Honor Societies, Student Clubs, etc.

Agency accounts are the appropriate mechanism to account in a fiduciary capacity for such student-related activities.

d. Orientation Programs

Funds received for orientation programs for prospective students and their parents may, at the campus's option, be administered through an agency or income fund reimbursable ("IFR") account. When an agency account is utilized, the collections must be initially deposited into the campus's local depository bank account (authorized state depository) and accounted for in accordance with the accounting concepts and principles of the Uniform Revenue Accounting System. The portion of the orientation fee assessed for dormitory occupancy must be segregated and distributed via the revenue transfer (AC 1370) distribution process to the University Dormitory Income Fund. The portion of the fee relating to food service and related expenses of the orientation program shall be transmitted promptly to the entity providing the services.

e. International/Overseas Academic Programs

An agency account is the appropriate mechanism to administer funds received from students relating to travel, room and board, and other program fees for students studying abroad. However, any tuition payments due to the University for credit instruction should be deposited in the University Income Fund.

f. Conferences

Conferences are formal meetings that are normally one-time events of short duration, are not offered for credit, and have a social/ recreational component. Conferences may be held on campus or off (recreational center, hotel, etc.). The registration fee income for such conferences, and direct conference expenses such as hosting, honoraria for outside speakers, and travel reimbursements, are activities appropriate for handling through agency accounts.

g. Professional Associations

In addition to editing academic journals, faculty and staff members are sometimes elected to office in outside professional associations. As part of their duties of office, these individuals may be responsible for handling monetary assets of the association, such as dues, conference registration fees, etc. Such funds therefore are appropriately handled through agency accounts.

h. Child Care Centers

Transactions in support of child care activities cannot be handled through State accounts. Accordingly, if called for by local circumstances, these activities may be administered through an agency account.

i. Academic Journals

Academic journals are generally edited by faculty members in their capacities as members of outside professional associations. Such editorships are frequently rotated from one association member to another, and thus from one university campus to another, with no single campus claiming a proprietary interest in the journal itself. If a faculty member who happens to be editing a journal should resign to accept employment at another university, quite often the journal moves as well. For these reasons, the business affairs (sales and subscription income, and expenditures for typesetting and composition, mechanicals, binding, postage, etc.) of academic journals are thus appropriate for an agency account.

j. Art, Music and Theater Box Office Receipts

Agency accounts may be used in cases where art, music and theater events are held entirely off campus, where no state-owned facilities are involved, where the involvement of state employees occurs outside their normal service obligation, and where public service rather than academic program support is the essential purpose served. However, such events held on campus are generally in

support of the campus academic program, although they also have a public service dimension for the external community. The admissions receipts and expenditures for such events should be administered through IFR accounts. Funds that are received as gifts from external, non-governmental sponsors of arts programs should normally be administered by the campus-related foundation as endowment or special purpose funds. Admissions receipts from events sponsored in this manner may be handled through a campus-related foundation special purpose or agency account.

k. Intercollegiate Athletics

Intercollegiate athletics have historically received significant funding from student activity fees, which are determined above to be appropriate for agency accounts. Although most intercollegiate athletic expenditures will be made from state appropriations and IFR accounts, certain other expenditures (i.e., payment to state employees who are performing the duties of officials for various athletic events) will have to be made from an agency account. Expenditures from an agency account should be limited to only those items which cannot be readily processed through state accounts. All proposed intercollegiate athletic agency accounts require the prior review and approval of the vice chancellor for finance and business. Sufficient documentation must be provided to justify establishment of the agency account. Funds for the payment of intercollegiate athletic expenditures from agency accounts will be advanced to the agency account from the IFR account. Funds in support of intercollegiate athletics may not be directly deposited to an agency account.

3. Inappropriate agency funds activities - examples of activities or functions, the revenue from which is not appropriately administered through agency funds, include, but are not limited to the following:

a. Scholarship Funds for Specific Students

All third-party payments for scholarship awards designated for specific students should be handled through the Uniform Revenue Accounting System (URAS). Other third-party scholarship awards should normally be received and administered as endowment, special purpose, or loan funds by the campus-related foundation.

b. Continuing Education Programs

Continuing education (credit or noncredit) courses should not be handled through agency accounts.

c. Consumable Supplies

Agency accounts should not be used to charge students for the provision of consumable supplies for use in credit-bearing courses. Where purchases of supplies and equipment by students for credit-bearing courses are necessary, these purchases should be made by the student at the campus store or other appropriate commercial outlet.

d. Personal Service Payments to State University Employees

Personal service payments to University employees should not be made directly from agency accounts but should be processed instead through the appropriate State University of New York payroll mechanisms.

E. Administration

University-related organizations that are authorized to administer agency funds must comply with the following administrative procedures:

1. A reasonable management fee may be collected by the organization.
2. Agency funds may not be commingled with funds of the University-related organization. Separate agency accounts may be combined or commingled for efficiency and income improvement.

3. In the event agency accounts are combined, detailed accounting must be made, indicating debits and credits to each account and all accounts so combined.
4. The organization shall maintain an agreement with the entity or individual being served specifying any limitation upon the types of investments allowed. Interest earned on the investment shall be credited to the agency account; held by the organization in lieu of a management fee; or a combination of both.
5. Agency fund accounts should not be used for monies belonging to New York State either as general revenues or as revenues accountable through an IFR account, nor should such monies be utilized for the purposes of the University-related organization.

F. Reporting and Audit

The University-related organization shall make reports to the campus chief administrative officer or designee, and upon request to the vice chancellor for finance and business to assure compliance with these guidelines. Agency funds are included in the annual audit of the University-related organization.

G. Exemptions

Exemptions from all or a part of these guidelines must be specifically approved by the vice chancellor for finance and business.

Definitions

There are no definitions relevant to this policy.

Other Related Information

[Alumni Associations Guidelines](#)

[Auxiliary Services Corporations' Administrative Guidelines](#)

[Foundations Guidelines, Campus-Related](#)

Procedures

There are no procedures relevant to this policy.

Forms

There are no forms relevant to this policy.

Authority

[501\(c\)\(3\) of the Internal Revenue Code](#)

Office of the University Controller Accounting Requirements.

History

On June 24, 1987, the University Board of Trustees authorized the chancellor or designee to establish the following guidelines for the administration of agency funds. These guidelines shall govern those procedures for agency funds

administration established by the Board of Trustees in its approval of the Auxiliary Services Corporation Guidelines.

Appendices

There are no appendices relevant to this policy.