



THE UNIVERSITY of  
NEW ORLEANS

**Policy No:** AP-BA-60.1  
**TITLE:** Agency Accounts  
**EFFECTIVE DATE:** May 8, 2017  
**CANCELLATION:**  
**REVIEW DATE:** Spring 2018

**ADMINISTERED BY:** Office of the Vice  
President for Business Affairs

#### **PURPOSE**

To set forth regulations and procedures for the accounting and fiscal control of agency accounts.

#### **AUTHORITY**

*Part Two, Chapter III, Section IV of the Bylaws and Rules of the University of Louisiana System.*

#### **DEFINITIONS**

**Agency Funds:** funds held by the University of New Orleans as custodian or fiscal agent for independent organizations. Agency funds are not owned by the University and are only accepted when they help to fulfill the mission of the University.

**Independent Organization:** an organization not legally part of the University that acts on its own behalf, is not controlled by the University, and could have a separate taxpayer identification number. Independent organizations may be student organizations, faculty and staff organizations or other third party organizations.

#### **GENERAL POLICY**

The University of New Orleans agrees to serve as custodian or fiscal agent for an agency fund only after considering all of the following:

- The purpose of the agency fund must relate to, but not be a fundamental aspect of activities dedicated to the achievement of educational, research, and public service goals. The goals must be consistent with and supportive of the mission of the University.
- The agency fund is in the best interests of the University, taking into consideration its fiscal, human resource, risk management, facilities management, budget, tax, and legal implications.
- The establishment of an agency fund account is appropriate, according to the circumstances and reporting principles involved.

The approval and establishment of an agency account does not:

- Automatically entitle the independent organization to the use of any University services other than the normal administration of funds as it relates to cash receipt and disbursement services.
- Place the agency fund under the University's tax-exempt umbrella. Funds deposited in an agency account are not considered tax-deductible gifts to the University. Expenditures from an agency account are not entitled to the University's state sales tax exemption.
- Make the University liable for any of the organization's debts, liabilities, or actions.
- Continue indefinitely. Continuation is contingent on adherence to all University policies. The University reserves the right to close an agency account at its discretion.

Before establishing an agency account, the University should ensure that its relationship with the organization or third party is that of custodian or fiscal agent. A request for an agency account can originate from a University department acting on behalf of an external organization or third party. The request for the establishment of an agency account should be addressed to the Vice-President of Business Affairs and contain complete information on the terms and condition of the agency relationship, including:

- The business reason for the agency account.
- The nature of activity that will be processed through the account.
- The legal status of the organization. For example, 501 ( c )(3), corporation, etc.
- The Federal tax ID number of the organization.
- If the organization is functioning as an agent or intermediary on behalf of another organization, the name of the organization.
- The affiliation of the organization to the University.
- The persons authorized to request expenditures from the account. Must be minimum of two persons. Must be kept up to date by forwarding an amendment to Business Affairs updating the authorized persons as necessary.
- The term of the agency relationship.
- The disposition of any remaining funds at the end of the relationship term.

Because an agency account represents activity that is related, but not fundamental to the University's primary mission, it is important that agency fund treatment is not awarded to activities that are a normal and continuing part of the University's mission. Ongoing accountability and oversight for agency funds must be established to minimize the University's financial exposure. The status of each agency account should be reviewed periodically, at least once a fiscal year, for the purpose of ensuring whether the agency status should be continued or revoked. Circumstances to be evaluated are:

- Adherence to University policies and procedures
- Whether the activities and functions have changed such that an agency status is no longer appropriate.
- A positive fund balance must be maintained at all times.
- In the judgment of the President or designees, revocation is in the best interest of the University.

- Inactive balances should not be carried forward indefinitely from year to year, but should be disposed of in accordance with the agency agreement.

The following services may be available to agency accounts:

- Cash receipting and disbursing services.
- Use of campus service departments, where amounts charged for such use are based on the standard recharge rates for the services of the department involved
- Purchasing goods and services through the University's procurement department, with adherence to all state purchasing law, rules and regulations.

**Terms and Conditions of Agency Accounts:**

- Funds accepted for deposit in agency accounts are not considered tax-deductible gifts to the University. Deposits are made through the Bursar's Office according to Bursar procedures.
- The agency account must maintain a positive cash balance at all times.
- Disbursements will be issued against the agency account in accordance with Purchasing, Accounts Payable, and General Accounting procedures.
- All University of New Orleans' policies and procedures must be adhered to as well as applicable United States and Louisiana state laws.
- Effective, July 1, 2017, all new and existing agency accounts will be subject to a monthly service fee of \$10.



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