

UC Davis Policy and Procedure Manual

Chapter 330, Financial Management and Services

Section 09, Agency Account Services

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Responsible Department: Accounting & Financial Services

Source Document: Business and Finance Bulletin (BFB) A-54, Agency Accounts

I. Purpose

This section describes the policy and procedures governing establishment and use of agency accounts. Agency accounts are for funds held by the University as a custodian or fiscal agent on behalf of non-University entities / sponsors to be used in University related activities or events.

II. Definitions

- A. Agency account—an account used to record the administration of non-University funds for which the University provides fiscal agency and other services.
 - 1. Types of accounts include Scholarships and fellowships; non-Associated student and faculty/staff organizations and activities; Campus Foundations; and Other Agency activities.
 - 2. See [Business and Finance Bulletin A-54](#) for details on each type of agency account.
- B. Authorized approver—person granted authority by the department to approve transactions related to the agency account.
- C. Principal—a non-University individual or entity such as an individual, organization, or other sponsoring entity. May be a University employee but cannot be a University entity (i.e. department, unit, etc.).

III. Policy

- A. Agency accounts may be established for non-University entities sponsoring activities closely associated with or related to University activities and that directly or indirectly provide services or benefits to the University community.
- B. Use of funds in agency accounts must be in accordance with specific instructions from the sources.
- C. Agency accounts are used so that the individual / group using the account can access University services that require an account (e.g., purchasing, accounts payable). The following services are available to agency account principals:
 - 1. Cash receipting and disbursing services.
 - 2. Use of campus service departments as approved by the Associate Vice Chancellor—Finance/Controller. The amount to be charged for the University services should be based upon the campus standard recharge rates for the services of the department involved.
 - 3. Purchase of materials from the campus Storehouse as approved by the Associate Vice Chancellor—Finance/Controller.
 - 4. Use of a University Purchasing Card as approved by the Associate Vice Chancellor—Finance/Controller and Vice Chancellor—Finance and Resource Management (for non-University employees).
 - 5. Contracting of goods or services through Campus Event Services (CES).

- D. The following services require exceptional approval, in writing, by the Associate Vice Chancellor—Finance/Controller:
 - 1. Purchasing goods or services through the purchasing department.
 - 2. Payroll services for University employees.
- E. Management of the account, and use of all University services related to the account, must comply with all applicable policies and procedures. (See also [BFB A-54](#)).
- F. Deposits into agency accounts:
 - 1. Funds accepted for deposit in agency accounts are not considered tax-deductible gifts to the University. (Refer to Sections [260-15](#) & [260-25](#) for policy and procedures pertaining to tax-deductible gifts).
 - 2. University funds may not be deposited into agency accounts.
 - 3. Must be made in compliance with Section [330-55](#).
 - 4. Are not reported as University income.
- G. Expenses to or from agency accounts:
 - 1. Expenses may only be moved if they are appropriate to the purpose of the account and do not violate fund source restrictions.
 - 2. Are not reported as University expenditures.
 - 3. Any expenses subsidized by University funds must be charged directly to the appropriate University account.
- H. Unless there is an executed business agreement indicating payment will be made on a reimbursement basis, agency accounts must have a positive cash balance at all times and overdrafts must be cleared as soon as possible.
- I. Agency accounts must not be used for research grants or contracts awarded to faculty members as individuals where the research would normally be handled as a departmental research grant or contract.
- J. Agency accounts that have been inactive for more than 13 months may be considered abandoned if there is no response from the principal or authorized approver to status requests.
 - 1. Any credit balance will be transferred to the campus miscellaneous revenue account.
 - 2. Any deficit will be charged to the principal.

IV. Roles and Responsibilities

A. Accounting & Financial Services

- 1. Submits requests for new agency accounts to account approvers as follows:

Type of agency account	Required approval	Responsibility of Approver
Scholarships and fellowships	Associate Vice Chancellor—Finance/Controller or designee	Coordinate with other student aid

Type of agency account	Required approval	Responsibility of Approver
Student organizations and activities	Associate Vice Chancellor— Student Life or designee	Confirm that the entity is bona fide student organization and activity is appropriate
Non-University conferences, workshops, and special events	Director, Conference & Event Services (CES) or designee, for ALL events on-campus or off-campus whether CES is coordinating them or not; Associate Vice Chancellor— Finance/Controller or designee, for off-campus activities.	Confirm that the activity is related to the University or to the mission of the University and ensure that events sponsored by off campus entities meet the requirements of PPM <u>270-20</u>
Social events	Associate Vice Chancellor— Finance/Controller or designee	Confirm that the activity is University related
Policy exceptions (e.g., UCD employee payroll services)	Associate Vice Chancellor— Finance/Controller or designee on behalf of the Chancellor	Determine whether the exception is appropriate

2. Offers principals cash receipting and disbursing services.
 - a. Issues University checks against the agency account based on an approved University financial system document (i.e., Payment Request, Disbursement Voucher, or equivalent).
 3. Has the authority to disapprove disbursements for insufficient funds.
 4. Closes the agency account at the completion of the activity in conjunction with the campus department.
- B. Account Approver
1. Reviews and approves applications for new agency accounts as requested by Accounting & Financial Services.
 2. Confirms the entities are bona fide organizations (when applicable) and that the activities are University-related as required by the policy.
 3. Coordinates with other student aid as appropriate.
- C. Authorized approver
1. Approves requests for new agency accounts and acknowledges responsibilities.
 2. Requests and approves disbursements from the agency account, and approves financial transactions related to the agency account.

3. Authorizes disbursements or changes to an agency account.
4. Removes any deficits from the agency account.

D. Campus Department

1. Submits requests for agency accounts.
2. Deposits cash on behalf of principal.
3. Initiates changes to agency accounts.
4. Closes the agency account at the completion of the activity in conjunction with Accounting & Financial Services.

E. Principal

1. Authorizes the University to act on behalf of the principal, subject to the principal's general control and instructions.
 - a. The principal signs all contract/purchase orders when not using UC Davis services.
 - b. UC Davis employees may initiate/enter into contracts/purchase orders for a principal only if there is written consent from the principal to do so.
2. Approves requests for new agency accounts.
3. Authorizes disbursements for the agency account.
4. Responsible for paying all costs associated with University-related activities funded by the participants or non-University entities either by directly paying for expenses or indirectly by collecting funds from participants to pay the costs.
 - a. If the event is non-University, the principal must be a non-University entity such as an individual or non-University organization (i.e. not a University department/unit, research or public service center).
 - b. Can be a University employee if the activity is specific to the University (e.g., a retirement party or office water cooler fund) funded by the participants or non-University entities.

F. Sponsor

1. Provides the funds to the principal (when the sponsor or principal are not the same) for which the University will act as custodian or fiscal agent. Examples include funds for: an outside professional group, a faculty or student association, bench fees, a group funding an employee retirement party.
2. Typically covers deficits and takes back excess funds.
3. Exercises direct fiscal control over the use of funds in many cases.

V. Further Information

- A. Further information regarding agency accounts, including how to create them and close them, may be obtained from the Accounting & Finance Services agency accounts page: http://afs.ucdavis.edu/our_services/accounting-e-financial-reporting/process-guides/agency-accounts.html.

VI. References and Related Policies

- A. UC Business & Finance Bulletin A-54, Agency Accounts (<http://policy.ucop.edu/doc/3420328>).

- B. UC Davis Policy and Procedure Manual (<http://manuals.ucdavis.edu/PPM/about.htm>):
1. Section 260-15, Solicitation and Acceptance of Private Support.
 2. Section 260-25, Gift Processing and Acknowledgement Procedures.
 3. Section 270-20, Use and Reservation of University Properties/Event Arrangements.
 4. Section 330-55, Departmental Cashiering Operations.