

## Agency Funds

### Policy/Procedure

This policy provides guidance and an operating framework for Dickinson College (the “College”) to serve as fiscal agent for an associated organization and certain other entities that are external to the College (collectively referred to as “agency organizations”).

The process of evaluating an activity for agency treatment must be in place to ensure the accuracy of the College’s accounting for agency funds, and to facilitate effective stewardship of funds for which the College has a fiduciary responsibility. At the same time, ongoing accountability and oversight for these funds must be established to minimize the College’s financial exposure resulting from a third party’s inability or unwillingness to pay.

### Approval and Establishment

The College may agree to serve as a fiscal agent for an agency organization only upon the approval of the Vice President for Finance and Administration and after considering all of the following:

- The purpose for the agency agreement must relate to activities dedicated to the mutual achievement of educational, research and public service goals;
- The goals are consistent with and supportive of the mission of the College;
- The agreement is in the best interest of the College, taking into consideration its fiscal, human resource, risk management, facilities management, budget, tax, legal and treasury implications;
- The establishment of an agency fund account is appropriate, according to the accounting principles involved; and
- Depending on the nature and extent of the services provided, the College may require a legal agreement governing the agency relationship.

By acting as a fiscal agent, the College may:

- Hold funds provided by an agency organization in a separate account on the College’s books and in the name of the agency organization (the agency organization will retain all its rights, titles and interest in and to such funds);
- Consistent with College policy and as permitted by law and contract, purchase goods and services on behalf of the agency organization under agreements between the College and the supplier or provider of such goods and services; and
- Disburse funds to the agency organization according to College policies and procedures and at the direction of the agency organization.

The approval and establishment of an agency account does not:

- Automatically entitle the agency organization to the use of any College services
- Place the agency organization under the College's tax-exemption
- Make the College liable for any of the agency organization's debts, liabilities or actions
- Grant the agency organization the right to use the College's name, logo or trade and service marks
- Continue indefinitely. Agency status is contingent on adherence to College policies and contractual agreements, as well as applicable laws. The College retains the right to close an agency account at its discretion consistent with contractual agreements between the agency organization and the College, after providing reasonable notice to the agency organization.

Depending on the level of services provided to the agency organization, the College may charge for the cost of any and all fiscal services provided. Additionally, agency organizations may be charged for the College's cost of funds in the event that their agency account runs a deficit.

### **Accounting for Agency Funds**

Agency accounts in the College's general ledger are accorded special treatment because they represent amounts held on behalf of parties external to the College, and should only be used to report resources held by the College in a purely custodial capacity. Agency accounts typically involve only the receipt, temporary investment, and remittance of funds to individuals, agency organizations and outside entities. Agency accounts are not trust accounts, nor are they banking accounts.

An agency account represents activity outside of the College and all revenues, expenses, gains and losses in agency accounts are not included in the College's financial statements; only assets and liabilities are reported. Notwithstanding this limited interpretation and use, agency accounts use the accrual basis of accounting to recognize receivables and payables at the end of the year.

<b>Related Information</b>
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Use of College Name, Marks, Logos and Seals (College-Wide);  
General Ledger Accounting  
Procurement of Goods and Services

<b>History/Revision Information</b>
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**Responsible Office/Division:** Financial Operations

**Effective Date:**

**Last Amended Date:** October 2012

**Next Review Date:** June 2015

**Also Found In:**