



Accounting and Administrative Manual

Section 100: Accounting and Finance

Agency Funds

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General:

The agency fund group represents resources owned and controlled by others, e.g. students, faculty, staff or other organizations, which are held by the university as custodian or fiscal agent.

Assets of agency funds may include cash, investments, accounts receivable or interfund receivables. Liabilities of agency funds may include accounts payable to third parties and fund balances representing the net assets owed to the organization for which the university is acting as custodian.

Funds which are under the full control of an academic department or administrative officer or which are available at the administration's discretion to supplement university operating funds, are not to be accounted for as agency funds, nor is the agency fund group appropriate for funds which are generated through activities of the university and which are properly considered program or university receipts, including the sales of goods or services related to the university's educational activities or gifts/donations to the university (see following section "Gifts and Fundraising").

The net assets (the total of fund balance, revenue control and expenditure control) are equal to the balance which the agency has available to expend. The net assets do not represent resources available to the university.

Documentation:

Supporting documents should be on file in the relevant administrative/accounting office for each agency fund administered by the university. Documentation should include the fund number assigned, the agency name and the authorized signatures required to initiate expenditures from the agency fund.

Reporting:

Accountability for agency funds requires the administrative unit responsible for the agency account to submit periodic financial reports of transactions and balances to a representative of the individuals or organization that is the owner of the agency account's net assets.



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Budgeting - General:

The university's accounting system requires the establishment of a budget for each agency fund. The budget requirement is intended to assure that expenditures do not exceed available funds. For agency funds, exclusive of student government funds, the budget authorization should consist of a budgeted expenditure level which does not exceed the net assets of the fund. The budget must be revised periodically to reflect additional deposits to individual agency accounts.

Budgeting - Student Governments:

Student government funds recorded in the agency fund group should be budgeted by major account code in accordance with the budget as approved by their respective chancellor.

All internal budget revisions may be processed for a major account code or program with approval by the appropriate chancellor.

Procurement and Expenditure Procedures:

Administrative/accounting offices should review expenditure and procurement requests for appropriate authorizing signatures, for availability of funds and for compliance with university procurement and expenditure procedures.

The university's procurement and expenditure procedures are intended to assure conformance with statutes related to the expenditure of public funds and to promote sound governmental institutional business practices. Independent organizations which maintain non-public funds (e.g. funds received or solicited outside the university's tax exempt status, its status as a public educational institution or its operational activities) in agency accounts held by the university may be granted exemption from the university's procurement and expenditure procedures.

An exemption will be based upon a written request filed with the university's chief financial officer which will include an affirmative recommendation by the appropriate Vice Chancellor for Administrative Services and the identification of the specific account (i.e. accounting system fund number) to which the requested exemption applies, and which demonstrates that the organization

1. maintains an organizational structure which is independent of the university's, e.g. an association or corporation which operates under a



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- defined charter, by-laws, rules of operation, and if applicable, a tax exemption,
 2. has funds or revenue sources other than state monies and the funds or revenue sources are separate from the university's, and
 3. maintains segregation of the funds and revenues.

The determination of the adequacy of the segregation of the non-public funds and the sufficiency of the formal organizational structure for it to be considered independent of the university will be made by the university's chief financial officer. Based on the university's chief financial officer's determination, the chief procurement officer may grant exemptions from procurement procedures for transactions charged to specific agency accounts.

Exemptions will be effective for a period of three years or until the circumstances related to the exemption change, whichever occurs first. The organization requesting the exemption will be responsible for notifying the university's chief financial officer of changes in the circumstances relating to the exemption.

Overexpenditures:

Administrative units which permit expenditures by an agency in excess of receipts on deposit with the university will absorb the overexpenditures from their operating funds as of the close of the fiscal year during which the overexpenditure occurs.

Gifts and Fundraising

By Board of Regents' Policy, all gifts made to the university or for the benefit of the university, unless expressly prohibited by the donor, will be accepted, held, and managed by the University of Alaska Foundation. (Certain exceptions apply to real and personal property). From time to time, agency funds engage in fund raising and it is necessary to evaluate whether such gifts should be received by the agency fund or the University of Alaska Foundation.

Generally, agency funds should accept, hold and manage gifts that are for their operations or that further their purpose. Agency funds, or other university units, that engage in fundraising for the university (e.g. programs, scholarships) should deposit such receipts to the University of Alaska Foundation.