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Agency Fund Management

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I. REASON FOR THIS POLICY

Financial accounts must be managed responsibly within the confines of the State of South Dakota and South Dakota Board of Regents regulations.

II. STATEMENT OF POLICY

Agency Funds

Agency funds are funds held by the University of South Dakota (USD), where USD is functioning as the custodian or fiscal agent. The money is deposited for safekeeping and can be used or withdrawn by the depositor at will, subject to USD procedures and timeframes. These funds may be held on behalf of students, faculty or staff, as long as there is some mutual benefit derived from the organization’s association with the University. A USD employee must be the responsible person on the account.

An agency fund is subject to the same procedures and regulations in place for all other USD accounts for the purpose of depositing and withdrawing funds. Expenditure of the funds will also adhere to the same procedures but will not be restricted by state expenditure rules and limitations. Purchases made from the accounts are subject to sales tax.

Income generated by a student or faculty organization is to be deposited into an agency fund with the University whenever a university department or USD official plays a significant role in

directing the finances of the organization. If an organization receives any University funding, it must be deposited in a University fund and not co-mingled with Agency funds.

At no time may an agency fund be in a deficit.

III. DEFINITIONS

Agency Funds - funds held by USD, where USD is functioning as the custodian or fiscal agent for a student organization or faculty/staff organization.

University Funds – are funds received by the University from various sources, including, but not limited to: state appropriation, grants, and receipts; federal government grants; sales of University goods and services; private source gifts, contracts, and grants; foundation support, endowment, and investments; interest; rental of real property; royalties; and proceeds from debt.

IV. PROCEDURES

Agency Funds

- a. To open an agency fund, a *fund request form* with the following information must be provided to the USD Accounting office:
 1. Full name of the agency or organization
 2. Purpose or activity of the organization
 3. Source of revenues and types of expenditures that will be made from the account
 4. Organization's affiliation with USD
 5. Name and signature of the USD employee who will be responsible for the account.
 - *All agency funds must have a USD employee sponsor who assumes responsibility for the proper administration of the agency fund.*

- b. *Agency Fund Deposits & Account Balances*
 1. *University Funds must never be deposited into an agency fund account*
 2. *These fund accounts will not earn interest*
 3. *Agency fund accounts must always have a positive cash balance. If the account has a negative cash balance the fund manager will be notified of the deficit.*
 4. *Changes to an account (advisor change, account name, etc), must be approved by the USD Comptroller or Assistant Comptroller.*
 5. *Financial Services staff will conduct an annual review of active agency funds to close out idle funds, monitor fund balances and assure usage of the fund is appropriate.*

6. *Agency fund accounts with no activity within a 24-month period will be assessed a fee of \$5.00 per month service fee to be charged by June 30 of each year. When the cash reaches a zero balance, the fund will be closed.*
 - a. *The fund manager of an agency fund that has been abandoned for a period of more than 24 months because the organization no longer exists may elect to move the remaining balance to a central scholarship fund in lieu of paying the service fees.*

Student/ Faculty Organizations

1. Income generated by a student or faculty organization is to be deposited into an agency account at the University whenever a university department or USD official plays a significant role in directing the finances of the organization. If an organization receives any University funding, it must be deposited in a University fund and not co-mingled with Agency funds.
2. Income generated by a student or faculty group where no USD official or department plays a significant role in directing the finances of the organization may not be deposited with the University into an agency account.

V. RELATED DOCUMENTS, FORMS AND TOOLS

USD Policy 2.002 Agency, Foundation, and University Fund Management

<https://www.usd.edu/-/media/Project/USD/DotEdu/Policies/Business-and-Administration/2002-Agency-Foundation-and-University-Fund-Management.pdf?rev=3ed7c979fa674b6db626008097ea91d8&hash=044CC2C0D2B1A3D8183367B42E14F0CE>

Fund Authorization Form/New Account Request can be found in the myUSD Portal, Financial Affairs Information, Accounting under the Forms section.

https://my.usd.edu/uPortal/p/fin-affairs-information.ctf3/max/render.uP?pP_tab=91502-accounting