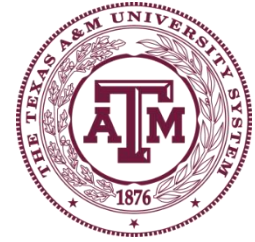


21.01.07 Fiduciary and Agency Funds



Revised [April 14, 2021](#)
Next Scheduled Review: April 14, 2026
Click to view [Revision History](#).

Regulation Summary

This regulation defines the standards for the operation of fiduciary and agency funds for The Texas A&M University System (system).

Definitions

Click to view [Definitions](#).

Regulation

1. GENERAL

In 2020, the accounting standards changed the formal terminology from agency funds to fiduciary funds. At the system, there are informally titled agency funds which do not meet the criteria for fiduciary funds or are short term in nature. Most of the funds held for external parties have been reclassified to fiduciary funds.

2. TYPES OF ENTITIES OR EVENTS

2.1 Each member may accept deposits of fiduciary and agency funds from the following types of entities or events:

- (a) Student, faculty, staff, alumni, support and other affiliated organizations recognized by the member.
- (b) College work-study funds for external employers.
- (c) Professional organizations in which the member is a participant.
- (d) Organizations headquartered on the campus.
- (e) Conferences or events with the approval of the member chief executive officer or designee.
- (f) Funds invested for non-system universities.
- (g) Public Private Partnerships where funds are being held on behalf of the external entity.

2.2 If a fiduciary or agency fund is established and associated with an affiliated organization, the member must follow the guidelines established by System Policy *60.01, Relationships with Affiliated Organizations*, and any related regulations.

3. AGREEMENT

The standard agreement for a fiduciary and agency fund account must contain, as a minimum, the following information:

- (a) the name of the organization;
- (b) the purpose of the organization;
- (c) the names and signatures of individuals authorized to make withdrawals; and
- (d) the number of signatures required to make withdrawals.

4. INTERNAL CONTROLS

Each member is responsible for maintaining internal controls for processing and custody of fiduciary and agency funds. Each member must maintain separate fiduciary and agency fund accounts for each depositor or organization detailing all transactions.

5. REIMBURSEMENTS

With the agreement of the depositor, the member may be reimbursed for any expenses including treasury fees incurred from the holding of these funds. The member may retain interest earnings from invested fiduciary and agency funds per the terms of the agreement.

6. PAYMENTS

The funds must be payable upon demand of the depositor unless otherwise agreed upon in writing by the member and depositor. The depositor may not withdraw funds in excess of the deposit balance.

7. SPECIAL RIGHTS OR PRIVILEGES

The deposit of fiduciary and agency funds does not entitle the depositor to special rights or privileges. For example, the depositor, individually, is not entitled to special credit rights, special recognition or special use of the member's name, federal identification number or facilities.

8. DISBURSEMENTS

Each member may issue non-payroll checks on behalf of the depositor from the fiduciary or agency fund account. IRS Form 1099 must be issued as appropriate to vendors unless the stipulations of System Regulation *60.01.01* require special processing as shown in the affiliated organization agreement.

9. PAYROLL

Each member must not process payroll directly from fiduciary or agency funds.

10. REPORTING AND ACCOUNTING

- 10.1 Institutional fees such as student service fees allocated to student organizations must be recorded in an account on the member's books and cannot be held in fiduciary or agency funds.
- 10.2 No transfers from any fund group may be made to fiduciary or agency funds. Any amounts owed to the fiduciary or agency funds or due from the fiduciary or agency funds must be recorded as revenues/additions or expenses/deductions on the member's financial statements.
- 10.3 Each member must be consistent in the internal treatment of fiduciary and agency funds. If the member agrees to hold funds for an organization, and if the member requires documentation for withdrawals, each Form 1099 event must be reported in accordance with federal tax law.
- 10.4 Members must establish guidelines for required documentation for withdrawals from fiduciary and agency funds.
- 10.5 Fiduciary funds are reported on the statement of fiduciary net position and the statement of changes in fiduciary net position. The net position/fund balance is reported as restricted since the member is holding these funds on behalf of external entities.
- 10.6 Agency funds are reported as assets and liabilities on the state of net position within the proprietary statements.

11. DEPOSITS

Fiduciary and agency funds must be deposited only in banks with which a board-approved depository agreement has been executed.

Related Statutes, Policies, or Requirements

[System Regulation 21.01.01, Financial Accounting and Reporting](#)

[System Policy 60.01, Relationships with Affiliated Organizations](#)

[System Regulation 60.01.01, Association with Affiliated Organizations](#)

Member Rule Requirements

A rule is not required to supplement this regulation.

Contact Office

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