

Agency Account/Sunshine Fund Procedures

(Last updated May 2015)

Types of Agency Accounts, General Overview

Sunshine Funds

Groups of employees occasionally desire a means to collect personal funds to facilitate the giving of personal gifts or to hold personal events or parties. The university provides an account to assist them which is sometimes referred to as a Sunshine fund. The account is established as an "Agency" account (account begins with 47), meaning that BYU acts as an agent for the Sunshine Fund, acting much like a bank account. Sunshine funds are allowed to deposit funds and disburse payments at the direction of the employee group's officers. Funds in the account are owned by the employee group and are not considered owned by the university. The nature of this personal gifting and event activity is not considered a tax reportable activity of the Sunshine fund or of the university. However, as the Sunshine fund may purchase products, they are subject to sales tax.

Other Agency Accounts

There may be other types of organizations or events that are affiliated with BYU but the collected and disbursed funds are not considered University funds. An agency account may be created for this purpose. All agency accounts that are not Sunshine funds will be required to apply for and maintain their own unique tax identification number. They are also responsible to ensure that all applicable regulatory reporting and distribution of financial reports is done timely.

Setting up an Agency Checking Account

Organizations with "agency" account status are not permitted to have off-campus bank accounts. Financial Services provides a banking service to track the cash inflows and outflows for BYU agency affiliated organizations. These resources are accounted for on the general ledger as fund 47 accounts. Although these funds are held by BYU as a service, the sole ownership is upon the organization and funds should not be comingled with any BYU resources (Funds 11, 19, 20, 23). Misuse of funds in agency accounts should be reported immediately to Financial Services as well as to the dean, director, or chair of the sponsoring campus unit.

To set up an agency account two forms must be completed.

Request to Set Up an Agency Operating Unit

To set up a new agency account please complete the "New Agency Account Request" form. This form can be found on the BYU Financial Services website.

Authorized Signature Agreement

As part of setting up an agency account, a completed "Authorized Signature Agreement" is required. This form should be delivered to A-153 ASB. This form can be accessed on the BYU Financial Services website. All current organization officers that are involved in disbursing funds on the account must be listed. Only BYU students, faculty, and employees can be authorized as signers on the account. The signatures on this form are used in the daily check review process. When the signers on the account need to be updated, a new "Authorized Signature Agreement" must be turned in that includes all authorized signers.

Managing the Agency Account

Incoming Funds

Cash Handling and Preparing Deposits. You can deposit cash and check by using a department deposit. Deposits should be made at least weekly or each day when funds collected exceeds \$200.00. Cash or checks should not be held over the weekend. Funds must be held in a secure campus location pending deposit. Deposits can be made at the Department Deposit Cashier window in D-155 ASB. When preparing deposit slips, organizations must balance their daily cash receipts to the receipts issued. Copies of receipts to support the detail of the total deposit amount must be retained for the current calendar year (January through December) plus four (4) prior years.

Donations. Payments made to an agency account do not qualify as charitable deductions.

Dues and Employee Contributions. Most organizations will have dues as a source of funding for their organization. Dues can be paid by cash, check, or credit card via the web.

- **Cash and Checks.** A receipt must be issued to each individual from whom monies are received. Cash and checks should be handled as described in the paragraph, **Cash Handling and Preparing Deposits.**
- **Credit Card.** A new service for receipting funds on the web using credit cards is now available. To access this service, please contact Treasury Services. Groups may use this site to collect dues, from its members. Please keep in mind the merchant fees (approximately 2%) for the transactions will be passed on to each respective agency account. The advantage of utilizing this option will be to minimize the risks of handling cash.

Interest. Agency Accounts are paid interest on a monthly basis.

Disbursing Funds

The method of disbursing funds for an agency account is by using agency checks.

Agency Checks

Checks may be ordered as needed by completing the form, "Check Stock Request", which can be found by going to the BYU Financial Services website. A current "Authorized Signature Agreement" is required before additional checks will be issued. The check request form will need to be submitted to Treasury Services. Please give at least 48 hours notice when placing an order. Check stock may then be picked up by an authorized signer in A-153 ASB between the hours of 8:00 a.m. and 5:00 p.m. University identification as well as a signature will be required to pick up the checks. These checks must be kept on campus, in a locked file or desk, at all times.

Only checks provided by Treasury Services can be used for disbursements on agency accounts. These checks require two signatures from amongst those who are on the Authorized Signature Agreement.

Agency checks will be issued in a "voucher" format (three sections to the sheet with each section showing the agency account name and number in numerical sequence). A check register (8½" x 11" sheet) is available online (on the BYU Financial Services website). The top section of the voucher check is the check, the middle section is a remittance advice for the payee, and the bottom section is to be attached to the original receipts. This middle section, or remittance advice, is not mandatory. However, it can serve as a receipt to the payee to explain the nature of the transaction. It should include an invoice number so the payee can match their invoice with the payment. A

check template located on the BYU Financial Services website can help you fill out each section of the check electronically.

General guidelines in issuing checks (each check as it clears the bank will be evaluated as follows:

- Blank checks should not be signed.
- Checks must be signed by two authorized signers from the current signature card (Authorized Signature Agreement) on file for the account
- Checks should never be written for "cash".
- The payee may not be one of the authorized signers on the check.
- Checks may not be used to pay salaries or wages.
- A description of the expenditure must be written in the memo line of the check and in the check register.
- All disbursements should show adequate documentation (receipts and invoices) for the expenditure.

Electronic Processing of Checks. Some merchants are electronically processing checks. The two most common merchants are Target and Walmart. When checks are presented to these merchants, the merchant will endorse the check as it is being scanned into their system and will hand the check back to the customer. Because we image all cleared agency checks, it will be required that this original endorsed check be kept in your financial records. Treasury services will reach out to the signers on the account to obtain more information about this check upon clearing.

Gift Cards. Sunshine funds and other employee gift funds that were created for the explicit purpose of gift-giving ARE authorized to purchase gift cards using agency checks. The primary purpose of these accounts is to distribute gifts and the source of their revenue is usually voluntary contribution from employees. All other agency accounts are NOT authorized to purchase gift cards or any other cash equivalent. Other agency accounts may only purchase gift cards issued by Treasury Services. Gift cards include prepaid cards, merchant gift cards, gift certificates, movie tickets, coupons, or any other cash equivalent.

Lost/Stolen Checks. Please report any lost or stolen checks immediately to Treasury Services at 801-422-4701.

Overdrafts. If an overdraft of an agency account occurs, the negative balance needs to be resolved immediately. A \$20.00 per check charge will be assessed if overdraft is not resolved. Additional privileges may be revoked and penalties assessed.

Payment Documentation. If a check is issued for the purpose of reimbursement, the documentation supporting the expenditure must be collected and kept on file by the organization. The documentation supporting each payment must be retained for the current calendar year (January through December) plus four (4) prior years.

Unacceptable Methods of Payment (BYU Instruments): The following BYU methods of payment **may not** be used by agency accounts.

Campus Card
Journal entries

Campus purchase orders
Purchasing cards

Sales Tax. Agency accounts are not eligible to participate in the University's tax exemption. Those desiring a sales tax exemption must make application to the State of Utah to obtain a sales tax exemption identification number.

Monthly Statements. Monthly financial statements are distributed by Financial Services via email to the manager and contact of the 47 accounts. Statement can also be provided on an “as needed” basis through the University reporting system.

Record Keeping. Accurate and complete record keeping is required of agency funds, including copies of deposit slips with supporting documentation, check registers with supporting documentation for each disbursement made, and monthly reconciliations between the check register and claim on cash balance shown on the monthly report. These records should be retained for the current calendar year (January through December) plus (4) prior years. Financial audits may be requested at any time. University internal auditors will periodically review accounts to assure procedures are being followed.

Comingling of Agency Funds with University Funds (Fund 11, 19, 20, 23). University funds should not be used to cover agency expenses. Likewise, agency accounts should not be used for university operations, research contracts/grants or donation activities.

Journal Entries. Journal entries are only used to correct coding errors.

Closing an Agency Account

To close an agency account the following process should be followed:

Request to Inactivate an Agency Operating Unit

Department clubs and organizations must notify Treasury Services in writing to close an account and submit the form, “Close Agency Account Request” form. This form can be found at BYU’s Financial Services web page. Please submit the form to the Treasury Services in A-153 ASB. Financial records for the organization should accompany the “Close Agency Account Request” form.

In the event there are excess funds in an agency account being closed, the disposition of these funds must be done in accordance with the instructions on the “New Agency Account Request” form.

Inactive Accounts

An agency account is considered to be inactive when no activity has occurred on the account for two years. After two years of inactivity, the agency account will be inactivated and any remaining funds in the account distributed based on the instructions given in the “New Agency Account Request” form.

Reactivate a Closed Account

The same process for opening an account should be followed in reactivating a closed account.