

**Knoxville Campus Procedure**  
**Office of Budget and Finance**  
**Agency Account Guidelines for Third Party Funds**

As noted in fiscal policy F10312, at times it may be in the University best interest to handle an outside organization's funds. Non-university funds are maintained in agency funds. An agency fund may be established for third parties such as a student organization or a professional conference where the University acts as fiscal agent for an external entity, for example.

The following guidelines shall govern the establishment of an agency fund by the Office of Budget and Finance:

- Receipt and disbursement of agency funds must be in accordance with applicable University policies and procedures.
- An agency fund may not incur a deficit at year-end. Deficits, if any, shall be the responsibility of the sponsoring department.
- An agency fund does not earn interest income and the University does not charge a fee for maintaining the fund.
- An organization with an agency fund may not use the University's federal employer identification number (EIN) for any purpose (including opening a bank account).
- Owners of an agency fund operate independently of the University. It is the responsibility of the outside organization to know and understand the legal and/or tax consequences of their activities. The University does not provide tax or legal advice to third parties.
- University funds may not be transferred to an agency fund. Transfer of expense is permitted.
- The disbursement of any unexpended fund balance requires approval by the Department Head of the sponsoring department.

All agency funds are detailed annually in The Report of the Treasurer, Supplemental Schedules and Appendices, appendix 11.

## **Steps to Request an Agency Account**

The department head should forward a [written request](#) addressed to the campus CBO (or designee) specifying:

1. The scope of the University employee's duties in handling third party funds,
2. The time period this might occur,
3. A statement indicating the amount involved,
4. The reason(s) it is in the University's best interest for the employee to serve as custodian for the funds, and
5. The FEIN number of the third party.

The department head should attach to the request [written procedures](#) addressing documentation of expenditures, proper use of the funds, account reconciliation, separation of duties, etc. (see attached example).

The CBO (or designee) will return a copy of the approved request to the department head. Upon receipt, the sponsoring department should complete the [Request for WBS Element \(Sponsored Projects\)](#) – see attached [example](#); attach a copy of the approved request along with procedures; and email to [bfforms@utk.edu](mailto:bfforms@utk.edu).

The Office of Budget and Finance will review the WBS request and send to the Office of Sponsored Programs Accounting (SPA) to create the account.

The sponsoring department will be notified when the agency fund is ready for use.

Contact Melissa Johnson ([johnsonm@utk.edu](mailto:johnsonm@utk.edu)) or Suzan Thompson ([thompson@utk.edu](mailto:thompson@utk.edu)) with any questions.