

# **POLICIES AND GUIDELINES FOR THE ESTABLISHMENT, MAINTENANCE AND TERMINATION OF A NON-STUDENT AGENCY ACCOUNT**

## **ESTABLISHMENT**

### ACCOUNT APPLICATION REQUIREMENTS

An organization must obtain and fill out both an "Application for Agency Account" form and an agency signature authorization form for non-student accounts. These forms may be obtained from the University's Accounting Department, 360 Administration Building. They may also be obtained from the following website:

Application Form - <http://www.ctrl.msu.edu/download/forms/ex5d.pdf>  
Signature Form - <http://www.ctrl.msu.edu/download/forms/ex5d3.pdf>

The organization must submit both the application and signature forms to the University Controller's Office, 305 Administration Building, once they have been completed and approved.

## **ACCOUNT APPROVAL**

The Controller's Office will review the application form and signature card for completeness. Approval of the establishment of an account will be based on the following criteria:

1. The stated purpose or activity of the organization, as indicated on the application form, must have a direct relationship to the University's education, research or public service programs.
2. An officer or director of the organization must be a faculty or staff member of the University.
3. Forms have been approved by the Vice President or Dean of the MSU Faculty or Staff Member's major administrative unit.

If the Controller's Office approves the account application, the form will be signed and forwarded along with its signature card to the Accounting Department for the assignment of an account number.

The Accounting Department will notify the organization of the approval and return a copy of the approved application form to it.

The approval and establishment of a non-student agency account does not:

- a. Automatically entitle the organization to the use of All University services,

- b. Place the organization under the University's tax-exempt umbrella,
- c. Make the University liable for any of the organization's actions,
- d. Grant the organization the right to use the University's payroll system.

If the Controller's Office does not approve the account application, that office will notify the organization.

## MAINTENANCE

### UNIVERSITY PROCEDURES

The University will process cash receipt, cash disbursement, journal entry and interdepartmental transactions related to an organization's agency account provided the account maintains a positive cash balance. Signatures will be reviewed to assure that only authorized transactions are processed. The University will not, however, take the responsibility for reviewing expenditures for appropriateness as it would for regular University accounts. Such responsibility lies with the officer(s) or director(s) of the organization.

The University will provide the organization with a monthly fund ledger statement detailing all financial transactions affecting the organizations agency account for the preceding month.

### ORGANIZATION PROCEDURES

The organization will be responsible for initiating financial transactions that affect its agency account. This includes the preparation of vouchers, deposit receipts, journal entry requests, etc. The University's Manual of Business Procedures describes the different business forms utilized for accounting purposes and should be referred to as questions arise.

The Controllers Office has established a Web Site where departments may download some of the business forms discussed in the Manual of Business Procedures. Note: When submitting these forms for processing, it is the organization's responsibility to provide all necessary copies, and that each copy is clearly marked "COPY".  
<http://www.ctrl.msu.edu>

An organization that has been granted permission and that has chosen to use University services must follow University policies and procedures when using those services.

### TAX EXEMPTION STATUS

Agency accounts do not automatically qualify for exemption from State of Michigan sales tax.

Organizations requesting a tax exempt account number must present with their account application a letter from the State of Michigan, Treasury Department, indicating their tax-exempt status. If exemption from the State of Michigan sales tax is properly documented, the account will be established in the 31-4100 through 31-4199 range of accounts.

#### SERVICE FEES

The University will assess an organization's agency account a service fee of \$5.00 each month. The fee is intended to partially cover the cost of performing the procedures noted above.

If an organization's agency account reflects an overdrawn cash balance at the time the monthly fund ledger is prepared, an additional service fee of \$20.00 will be assessed against the account during the following month. The organization will be required to deposit to their account an amount which will cover the overdraft and the \$5.00 service fee during that month. The Controller's Office reserves the right to increase the above fees without prior notice.

### **TERMINATION**

#### OVERDRAFT CONDITION

If an organization does not deposit the necessary funds as called for above, the Accounting Department will close its account. The amount of the overdraft and the service fee of \$20.00 shall be paid immediately to the University.

If an organization's agency account reflects an overdrawn cash balance for any two months during a one-year period, the Accounting Department will close it.

The organization will be informed of the action being taken.

#### INACTIVITY

The organization authorizes the University to forfeit any abandoned monies to general University funds. Monies will be deemed abandoned if for a period of 18 months or more no accounting transaction is made (other than monthly service fees) and no authorized organization officer notifies the University's accounting department in writing at 360 Administration Building of the organization's desire to renew the account.

#### OTHER

The University, at all times, reserves the right to close a non-student agency account at its discretion.