

**TEXAS STATE TECHNICAL COLLEGE SYSTEM
SYSTEM OPERATING STANDARD**

No. FA.3.2	Page 1 of 3	Effective Date: 09/10/04
DIVISION:	Fiscal Affairs	
SUBJECT:	Fiscal Administration of Gifts and Grants as Agency Funds	
AUTHORITY:	Minute Order 130-83	
PROPOSED BY:	<i>Original Signed by Susan Vonder Hoya</i>	
TITLE:	Chief Financial Officer	Date: 09/13/04
RECOMMENDED BY:	<i>Original Signed by Susan Vonder Hoya</i>	
TITLE:	Chief Financial Officer	Date: 09/13/04
APPROVED BY:	<i>Original Signed by Bill Segura</i>	
TITLE:	Chancellor	Date 0*/13/04

STATUS: Approved by MC 9/10/04

HISTORICAL STATUS: Revised 8/11/04
Reviewed 10/04/94
Approved 09/16/83 by BOR MO#130-83
Approved 06/25/79 by BOR MO#51-79

POLICY

It is the policy of Texas State Technical College to establish agency fund group accounts for the proper administration of gifts and grants to individuals when the college does not designate the recipient.

PERTINENT INFORMATION

The acceptance of gifts and grants by the college for award to students designated by the donor/grantor requires that such gifts and grants be designated as agency funds and as such become "funds held in custody for others."

If the donor uses the term "scholarship," but with the donor reserving the right to designate the recipient, the donor should be informed that the funds will be accepted as agency funds for use of

the designated student. The donor should also be informed that due to this classification such funds are not gifts to the college and, therefore, are not tax-deductible.

When the college is given custody of funds for grants but is not allowed to select the recipient of the grant, the funds are reported in the agency fund group. The recipient of an outright grant is not required to perform service to the college as consideration for the grant, nor is he expected to repay the amount of the grant to the funding source.

The college is the custodian or fiscal agent for the funds for individual students until the award of the gift or grant is made in accordance with the desires of the donor or grantor. As the custodian or agent for the funds, periodic reports of transactions and balances are made to the individuals or organizations in accordance with requirements set forth by the individual or organization.

DELEGATION OF AUTHORITY

The Board of Regents delegates to the Chancellor or his/her designee the authority to establish procedures to administer agency funds. The System Chief Financial Officer and college chief fiscal officer have primary responsibility to establish procedures to operate agency funds.

OPERATING REQUIREMENTS

1. The college chief fiscal officer will insure proper disposition of the funds for which the college is only an agent but for which it has fiscal responsibility.
2. The acceptance of gifts and grants for specific students will be in accordance with System Operating Standard No. FA.3.1, Acceptance of Gifts and Bequests. However, if the donor/grantor attempts to term the funds as a "scholarship" but designates the recipient, then the donor/grantor must be informed that the college must classify the funds as agency funds in accordance with College and University Business Administration definitions of funds and that with such a classification, the funds are not tax deductible. Diplomacy and tact may be necessary to maintain an amicable relationship with the donor so as not to jeopardize the award of the gift or grant.
3. After the acceptance of funds, classified as agency funds, by monies will be deposited in a general operating bank account with a credit to the agency fund account assigned for the specific recipient of the gift/grant. In instances where organizations or individuals make repetitive awards, an account number for the individual/organization will be established and maintained.

PERFORMANCE STANDARDS

1. When appropriate, gifts and grants are properly classified as agency funds.
2. Gifts are treated in accordance with donor's wishes.

COLLEGE OPERATING PROCEDURE

COLLEGE		Page 1 of
OFFICE OF RESPONSIBILITY:		
APPROVED BY:		
TITLE:		Date
FORWARDED TO SYSTEM OFFICE ON		