AGENCY FUND AGREEMENT

1. An agency fund is a fund held by the University of Illinois System ("System") in a purely custodial capacity as fiscal agent for another party ("Owner"). The resources held in an agency fund are not owned or controlled by the System. Financial activity within an agency fund shall be that of the Owner, not the System. The Owner’s use of agency funds must be consistent with and supportive of the System’s instruction, research, public service, and economic development missions.

2. Unless otherwise agreed by the parties in a separate contract, System will perform only the following basic accounting processes for agency funds: depositing funds in a System bank account; maintaining a record of transactions and balances in the Banner general ledger system; processing cash receipts, disbursements, and journal entries as directed by the Owner; reporting transactions and balances periodically to the Owner; issuing IRS 1099 forms for funds disbursed from the agency fund to external parties; and IRS reporting for disbursements to non‐resident aliens. The System’s provision of additional services to Owner shall be at the System’s sole discretion under a separate, written contract between the System and the Owner.

3. The Owner is solely responsible for managing and spending agency funds, including proper use of System processes and documentation to initiate transactions in Banner; regular reconciliation of Banner funds, including provision of fund reconciliation copies at the request of the System; maintaining positive cash balances; filing sales and other tax returns not performed by the System; and maintaining its organizational documentation.

4. The Owner agrees to cooperate with the designated System liaison unit in administration of the agency fund. If the agency fund repeatedly shows an overdraft status or an overdraft is not resolved within two months, the System may terminate this Agreement and the agency fund and bill the Owner in Banner Accounts Receivable for the overdraft. At the close of agency fund activity, the System will return any unused balance to the Owner, unless the Owner directs otherwise in writing. The System does not pay interest on agency funds. Inactive or abandoned balances in the agency fund will be treated as unclaimed property in accordance with Illinois law.

5. With prior written notification, the System may assess reasonable administrative fees against agency funds.

6. Agency funds are subject to review and audit at any time by the System and its external auditors.

7. By establishing an agency fund, the Owner does not become a unit of the System and does not obtain System privileges, including but not limited to use of the System’s: tax exemptions; the University Federal Employer Identification Number (FEIN); pricing or discounts on purchases; facilities; credit card processing services; payroll processing system; name, logos, trademarks; and property recordkeeping or tracking systems.

8. The System is not responsible for the Owner’s actions, including but not limited to: decisions to make disbursements from the agency fund; indebtedness or other liabilities incurred by Owner; or actions taken by System at Owner’s direction. Owner shall indemnify the System’s Board of Trustees and its officers, employees, and agents from all losses, liabilities, costs, and expenses, including attorney fees, relating to or arising from Owner’s actions and the System’s management of the agency fund at the Owner’s direction.

9. Donations to the Owner are not donations to the System.

10. The Owner is responsible for all aspects of its own legal and tax compliance.
By signing this Agreement, I certify that I am an authorized representative of the Owner and that I have authority to bind the Owner to this Agreement.

OWNER

By: ____________________________________________
Signature          Date

Printed Name: ________________________________

Title: ________________________________

Approved as to legal form by Office of University Counsel [LMP/12-2018/OBFS]