

# External Agency Agreements

FIN-TRE-VI-90



## About This Policy

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Responsible University Office:

Financial Management Services, Office of the Treasurer

Responsible University Administrator:

Senior Vice President and Chief Financial Officer

Policy Contact:

MaryFrances McCourt

Senior Vice President, Chief Financial Officer and Treasurer

[mmmccour@indiana.edu](mailto:mmmccour@indiana.edu)

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## Policy Statement

IU may enter into contractual agreements to serve as fiscal agent for certain entities which are external to IU governance (External Agencies), for the purpose of facilitating the mutual achievement of educational, research and public services purposes and goals, but only in such instances where the purpose and function of the External Agency relates to, and is consistent with, IU's mission.

Although such contractual relationships may be mutually beneficial, consideration of the fiscal, human resource, information technology, risk management, facilities/space management, budgetary, tax, legal and treasury related aspects of such a relationship must be considered. External Agencies are no longer allowed to use motor pool vehicles; they are not required to carry an employee bond as part of the insurance requirement.

Accordingly, a draft contract must be subjected to thorough review by the appropriate campus and University administrative units prior to ratification and signature of the contract, in order to confirm that the relationship is in the best interest of the University as a whole.

A standard contractual template will be utilized for all such agreements and will require approval of the campus and university administrative units referred to in this document. Additional terms may be added to the standard agreement, if mutually beneficial, but must be clearly noted as such. The standard contractual templates are accessible in the Related Information section of this policy web page. The initial term of the agreement will be for three years from the date of execution. Agreements will be formally reviewed for compliance prior to any extension. Requests for extension should be submitted, following the same process as for the initial review, 90 days prior to the end-date of the agreement in order to allow adequate time for review.

If the agency chooses not to extend the agreement, they will notify the Dean/Director of the Responsibility Center by the end-date of the original agreement. If IU decides not to extend an agreement, the agency will be notified by the original agreement end-date.

When an agency agreement is not extended or is terminated, the agency will have 90 days from the original end-date or the termination date, whichever is earlier, to wrap up its operations. Campus administration will be responsible for ensuring that the agency account(s) is (are) end-dated and any reimbursement due to IU for expenditures incurred or accrued are repaid, consistent with the External Agency Agreement Termination Procedure. ([External Agency Termination Procedure](#))

## Roles and Responsibilities

**Dean/Director of the Responsibility Center:** The Dean's office is responsible for reviewing the contract and making sure that all pertinent information has been added to the contract and to the Route Sheet. For the comprehensive regional campuses (not IUPUI or IUB) the responsibility would rest with the Vice Chancellor for Administration and fiscal officers. This includes communicating adequately on the route sheet that this relationship is one the university wishes to have, as well as listing the specific benefits of the relationship to IU. The Dean's responsibility also includes making sure all pertinent paperwork is attached to the Route Sheet (i.e. proof of insurance) and that space resources are available should they be needed. When a Contract with Personnel is being signed, the Dean's office is responsible for communicating to all affected employees as to the nature of the agreement and other employment related matters. The Dean's signature is confirmation that he/she has reviewed and approved the transaction.

**Campus Administration:** The campus has the overall responsibility for the contract including initiating, renegotiating or canceling the contract, and ongoing review of the relationship between the External Agency and the University. Campus administration is responsible for approving the relationship as stated on the route sheet and for reviewing and approving all deviations made to the contract template by the Dean's office and Agency. Campus administration is responsible for insuring that an adequate volume of appropriate space is available for the External Agency to occupy. In cases where the administrative fee is being waived for the Agency, the campus is acknowledging that they will be responsible for paying (or having the Dean's Office pay) the administrative fee in lieu of the Agency paying the fee.

**Campus Human Resources:** Review and sign-off by the campus Human Resources office is only required when the agreement is a Contract with Personnel. The campus Human Resources department at this time is acknowledging that they understand that these employees and agency fall under their domain for compliance with university human Resource policies.

**University Human Resources:** Review and sign-off by the University Human Resources office is only required when the agreement is a Contract with Personnel. The University Human Resources department will confirm that these employees and the agency fall under their domain for compliance with University human resource policies.

**University Architect:** The University Architect's office has responsibility for confirming that facility design and improvement, and related issues, have been adequately addressed. The University Architect's approval is verification that any such issues have been resolved with the Campus Administration.

**Office of Insurance, Loss Control and Claims:** The Office of Insurance, Loss Control and Claims is responsible for verifying that the proof of insurance documentation that is attached to the Route Sheet is in compliance with the contract, and for establishing ongoing checks to verify that the insurance is being kept up to date on an annual basis with the Agency. Responsibilities also include reviewing the type and amount of the insurance, and recommending changes as appropriate to safeguard the University.

**Vice President for Information Technology:** In cases where IU information technology such as data networking, access to the Internet, or computer accounts including email are involved, a review and sign-off on the terms of the information technology use will be coordinated with the Information Technology Policy Office in the Office of the Vice President for Information Technology. Agencies must acknowledge that they understand that all use of IU information technology resources must comply with all University information technology policies and other applicable university policies.

**University Budget Office:** Responsibilities include a review of the proposed operating budget that the agency must submit and confirmation that the sources of income/funding for the agency are appropriate and consistent with existing University fiscal policies.

**Vice President for Research:** In cases where a sponsored research project is involved, a review and sign-off on the terms of the sponsored research project contract or sponsored agreement will be coordinated with Research & Sponsored Programs (IUPUI) or Sponsored Research Services (IUB) as appropriate.

**Financial Management Services:** FMS will provide a review for impact on financial reporting and fiscal operations issues. Post-approval, FMS will be responsible for processing the monthly charges for the administrative fee, and analyzing the account activity and balances to verify compliance with the financial terms of the contract, and to assess interest on accounts that operate in a cash overdraft. In keeping with its support status, this unit will contact campus administration should any problems arise with the agency's compliance with the terms of the contract.

**Vice President & General Counsel:** The Vice President & General Counsel's office will provide a final legal review of the contract.

**Office of the Treasurer:** Responsibilities include a review of all contract information to determine if the agency relationship creates any banking, credit card, or capital financing that must be addressed, and a final pre-approval review for completeness of documentation, approvals, etc. In collaboration with

FMS and the appropriate campuses, the Office of the Treasurer will also ensure that an annual review of the status of contract compliance takes place. The Office of the Treasurer will contact campus administration should any problems arise with the agency's overall compliance with the terms of the contract.

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## Reason For Policy

To provide policy guidance and an operating framework for Indiana University (IU) to serve as fiscal agent for certain entities that are external to IU governance, for the purpose of facilitating the mutual achievement of educational, research and public services purposes and goals.

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## Procedure

1. A draft contract is to be negotiated between the Dean's office and the Agency. Once the draft agreement is completed, the Dean's office will complete the Route Sheet for Contract For Services document, and then forward an electronic copy of that document, and an electronic copy of the agreement, to the Treasurer.
2. The Route Sheet for Contract For Services, along with the draft contract, and all pertinent paperwork, is to be prepared by the Dean's office and routed to the following units:
  - a. Campus Administration
  - b. Campus Human Resources
  - c. University Architect
  - d. Office of Insurance, Loss Control and Claims
  - e. University Budget Office
  - f. Research & University Graduate School
  - g. Financial Management Services
  - h. Vice President & General Counsel
  - i. Office of the Treasurer
3. Each of the above departments will be notified that the Route Sheet, agreement, and attachments are available for review, and will be responsible for completing a timely review and electronically signing-off on the agreement in OnCourse. If the reviewing department requires changes or modifications to the draft, these should be affected by the originating Dean's Office before the reviewing department approves the document. Departmental comments and approvals can be viewed electronically via OnCourse.
4. The Office of the Treasurer, as the last unit to review the draft, will provide a final review for completeness, confirm that all approvals and signatures have been obtained, and obtain the Treasurer's signature on behalf of the Trustees of Indiana University. The Treasurer will send a copy to the Agency, the Dean, a copy to the campus, a copy to FMS/Contract & Grant Administration, and retain the original. An electronic copy will be stored in the shared network folder in OnCourse.

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## Definitions

**Agency Funds:** Funds provided by an External Agency for which IU is contractually required to serve as custodian or fiscal agent, on behalf of the External Agency.

**Contract With Personnel:** A contractual agency agreement that includes the provision of various administrative services such as accounting, banking, purchasing and similar fiscal/business services, and which also provides employees for staff support for the agency efforts, including the appropriate human resource services.

**Contract Excluding Personnel:** A contractual agency agreement that includes only the provision of accounting, banking, purchasing and similar fiscal business services and no employee or personnel services.

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## History

This policy was established on June 1, 2003.