

# **DEPARTMENT of PUBLIC INSTRUCTION**

## **FISCAL AGENT POLICY**

**February 2003**

### **1. PURPOSE**

The purpose of this **Fiscal Agent Policy** document is to clarify the responsibilities of the entity that is providing fiscal management, accounting and reporting services on behalf of one or more participating organizations receiving funding under a grant or other award.

Local and intermediate educational agencies may function as fiscal agents with respect to programs administered by the Department of Public Instruction and funded by a variety of public and private sources. This policy provides guidance and establishes a minimum level of responsibility for those organizations providing fiscal agent services where the Department of Public Instruction has program oversight responsibility.

The underlying principles for this document are that the fiscal agent assumes full responsibility for the fiscal management of the grant funds and that the fiscal agent maintains sufficient documentation for the financial and compliance audit of the grant award.

The criteria for appropriate use of a fiscal agent is not part of this policy, but it is assumed that the decision to use a fiscal agent is based on specific grant requirements or efficiencies to be gained from the use of a fiscal agent.

### **2. FISCAL AGENT AGREEMENT**

The use of a **Fiscal Agent Agreement** is encouraged. This document should clearly identify the responsibilities of both the fiscal agent and the individual grant recipients that are referenced as participating organizations. It should identify conditions where the agreement would be terminated and also the administrative fees for the fiscal agent. The **Fiscal Agent Agreement** may also be used to identify additional responsibilities such as program management or budget control.

### **3. PROJECT ACCOUNTING**

The Fiscal Agent is responsible for recording all grant receipts and disbursements. Where appropriate, the fiscal agent should maintain budgets for total program activity and the individual activity for entities participating in the program. The Fiscal Agent should establish a separate project account for each grant project... All project receipts and disbursements should be recorded in this account.

### **4. REPORTING**

The Fiscal agent is responsible for submitting all required reports to the funding organization. The participating organization(s) is responsible for providing the required program and other

information to the Fiscal Agent in a timely manner to allow preparation of the required reports. Reporting responsibilities should be detailed in the **Fiscal Agent Agreement**.

## **5. DISBURSING FUNDS**

Generally, the Fiscal Agent will make all disbursements for the project. All transactions will be recorded in the project account established by the Fiscal Agent. Three levels of maintaining supporting documentation are allowable under this fiscal agent policy statement. In accordance with the underlying principle of this policy statement, sufficient documentation must be maintained by the fiscal agent to allow the fiscal agent's external auditor to perform the fiscal and compliance audit of the grant award. An example of maintaining supporting documentation under level three documentation is available at [http://dpi.wi.gov/sites/default/files/imce/sfs/doc/fisagnt\\_example.doc](http://dpi.wi.gov/sites/default/files/imce/sfs/doc/fisagnt_example.doc).

### **Level one documentation**

The fiscal agent will maintain requisitions, purchase orders, invoices, receiving reports and payment vouchers. Under this most controlled option, the fiscal agent is generally making all purchases for the participating organizations.

### **Level two documentation**

The fiscal agent will maintain original requisitions, purchase orders, invoices, receiving reports and payment vouchers for direct expenditures made by the fiscal agent and will request and maintain from the participating organizations copies of the above expenditure documentation. Under this option the fiscal agent is making some purchases on behalf of the participating organization and maintaining **level one** documentation for these purchases. The participating organization is also making purchases and submitting copies of all supporting documentation to the fiscal agent.

### **Level three documentation**

The fiscal agent will maintain original requisitions, purchase orders, invoices, receiving reports and payment vouchers for direct expenditures made by the fiscal agent. The fiscal agent will reimburse expenditures made directly by the participating organization(s), only after receipt of a detailed report of expenditures by the participating organization(s). This report must include all detail information on the expenditures, such as purchase order numbers, vendor name, invoice number, payment voucher number, date and etc. In accordance with the underlying principles of this policy, these disbursements must be adequately documented so that the fiscal agent's external auditor can audit the grant. In this situation, the external auditor may request the fiscal agent to obtain from the participating organization(s) copies of the supporting expenditure documentation needed for their audit testing. The fiscal agent may periodically also ask for such documentation to satisfy their responsibility as fiscal agents.

**Under this fiscal agent policy, it is unacceptable for the fiscal agent to directly disburse grant funds to a participating organization prior to receiving supporting documentation for the disbursement of grant funds.**

## 6. INVENTORY RECORDS

The fiscal agent is responsible for maintaining fixed asset records for any items exceeding the capitalization level of the fiscal agent. In addition, the fiscal agent is responsible for maintaining inventory records for any items- as required by the grant agreement. When grant assets are located at a participating organization(s), this location should be identified on the fiscal agent's inventory records. Verification of assets according to the fiscal agent's periodic inventory procedures should include those assets acquired as fiscal agents.

If the fiscal agent adopts a higher capitalization ( or fixed asset inventory ) level than they have adopted for their organization, but a level that still complies with the grant requirements, this should be noted in the **Fiscal Agent Agreement**. The entity that has physical custody of the fixed asset has the responsibility for providing insurance coverage if coverage is desired.

The financial reporting of these assets under the Governmental Accounting Standards Board statement number 34 (GASB # 34) or any subsequent accounting principle should be covered in the **Fiscal Agent Agreement**.