

UNIVERSITY of HOUSTON
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: General Information
AREA: University-wide Business Management

Number: 01.03.01

SUBJECT: Baseline Standards

I. PURPOSE AND SCOPE

Baseline standards are necessary to ensure sound business practices within an organization. This document sets forth the requirements for these basic internal controls to minimize the risks of misappropriation of assets and of material errors in financial statements. This document applies to all University of Houston operations.

II. POLICY STATEMENT

Each operating unit within the University of Houston will establish and adhere to baseline standards for its financial processes. These standards, once established, will be reviewed, altered as necessary, approved, and reported annually to the Accounting Services department.

III. DEFINITIONS

- A. Baseline standards: A collection of operating objectives and techniques that establishes standards for financial processes across an organization, including accountability and responsibility.
- B. Centralized structure: Operating structure in which the college or division business administrator has primary responsibility for both the management and processing of financial transactions.
- C. Decentralized structure: Operating structure in which the college or division business administrator has primary responsibility for management and oversight of the financial processes, while the department or unit business manager has primary responsibility of the execution of the financial processes.

IV. ORGANIZATIONAL STRUCTURES

Basic internal control objectives do not vary between centralized and decentralized business operations. However, the techniques for ensuring that internal controls exist and are operating effectively do differ between organizational types.

- A. Centralized: Under this operating structure, the college or division business administrator has primary responsibility for both the management and processing of financial transactions, though some processing may occur in the departments. The college or division business administrator will make recommendations regarding administrative issues and/or interpretations of university policies to the appropriate dean or vice president or to the Senior Vice President for Administration and Finance. Any questions regarding policy application or processing of transactions are directed to the college or division business administrator. He or she also reviews and authorizes all financial documents leaving the college or division. Any variations in standard university policy and procedures must be approved by the college or division business administrator.

Department business managers report to the department chair and to the college or division business administrator.

- B. Decentralized: Under this operating structure, the college or division business administrator has primary responsibility for management and oversight of the financial processes, while the department or unit business manager has primary responsibility for the execution of the financial processes. The college or division business administrator will make recommendations regarding administrative issues and/or interpretations of university policies to the appropriate dean or vice president or to the Senior Vice President for Administration and Finance. The college or division business administrator is responsible for communicating policy and procedure changes to the departments and units, ensuring that departments and units have adequate support to fulfill their responsibilities, and for ensuring that each department and unit has appropriate procedures in place to comply with minimum processing standards as defined below. The college or division business administrator is ultimately responsible for the control procedures in place at each department and unit. The department or unit business managers retain processing authority and direct responsibility for all financial documents leaving their areas. Department business managers report to the department chair and to the college or division business administrator.

V. PROCEDURES

- A. The college or division business administrator should draft baseline standards for his or her operating unit. Centralized colleges/divisions may have one baseline standards document for the college/division, while decentralized colleges/divisions may have one document for each business department/unit within the college/division. Model baseline standards are provided at http://www.uh.edu/finance/Forms/Baseline_Standards_Form.xls.
- B. The college or division business administrator should submit draft baseline standards to the dean or vice president for approval.
- C. Current baseline standards documents should be sent to Accounting Services, who will submit them for publication in the [A&F Survival Guide](#).
- D. Prior to each fiscal year, the college or division business administrator should review existing baseline standards and amend if necessary. Updated baseline standards should be forwarded to the Accounting Services in accordance with the stated [annual](#) deadline.
- E. [Baseline standards should be updated and resubmitted when departmental responsibilities change.](#)

VI. REVIEW AND RESPONSIBILITY

Responsible Party: [Senior](#) Associate Vice President for Finance

Review: Every three years on or before March 1

VII. APPROVAL

Jim McShan
~~Interim Senior~~ Vice President for Administration and Finance

Renu Khator
 President

Date of President's Approval: January 4, 2016

REVISION LOG

Revision Number	Approved Date	Description of Changes
1	12/09/1999	Initial version
2	05/06/2003	Applied revised MAPP template. Changed approval process from Executive Director for Finance to Executive Director of General Accounting throughout procedure. Added PeopleSoft General Ledger (PSGL) to Addendum A; also made minor redlines to cash receipts process outlined in Addendum A. Added PGSL to Addendum B, and made redlines to cash receipts process outlined in Addendum B
3	09/06/2005	Edited Section V to emphasize role of Business Services department, removing the Executive Director of General Accounting. Removed Addendum A and Addendum B. Changed review period from every two years on or before January 1 st to every three years on or before January 1 st
4	09/07/2011	Applied revised MAPP template and added new Revision Log. Added the Manager of General Accounting to Section V, removing Business Services from the process. Baseline standards documentation was clarified in Section V.A. Changed the review period from every three years on or before January 1 st to every three years on or before March 1 st . Removed Section VIII and Index terms

Revision Number	Approved Date	Description of Changes
5	01/04/2016	<p>Changed Section II reporting from Manager of General Accounting to Accounting Services department. Changed Executive Vice President for Administration and Finance to Senior Vice President throughout text. Added information on additional processing of financial transactions occurring in departments in Section IV.A. Added CBA or division business administrator will make recommendations regarding administrative issues and/or interpretation of university policies to the appropriate dean or vice president in Section IV.B. Added sending baseline standards to Accounting Services for posting to the Survival Guide web site in Section V.C. Added Accounting Services to the process of forwarding amended baseline standards in Section V.D.</p>
<u>6</u>	<u>TBD</u>	<p><u>Added "stated annual deadline" to Section V.D. Added requirement to send in updated Baseline Standards as departmental requirements change in Section VE.</u></p>