

UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM

SECTION: Fiscal Affairs

NUMBER: 03.G.02

AREA: General Accounting

SUBJECT: Agency Funds

1. PURPOSE

The University of Houston System acts in a fiduciary capacity for agency funds. This document establishes guidelines for accountability by the System for such funds.

2. POLICY

Regulations and accounting requirements shall be established by each component university to ensure the safekeeping and proper administration of agency funds.

3. DEFINITION

Agency Funds: Funds in the possession of the component university for which it is custodian or fiscal agent but not owner. These include deposits by faculty, staff members, students and student organizations, and external third parties.

4. REQUIREMENTS

Regulations and accounting requirements shall include, but not be limited to, the following:

- a. Requiring that all organization cost centers have a department sponsor to assume fiscal responsibility for the cost center in the event of over-expenditure of deposited monies. This sponsor must be full-time faculty or staff, who must be documented as the cost center manager in the Finance system.~~at the dean or associate vice president's level.~~
- b. Establishing the ~~guidelines and minimum requirements~~allowable purposes for creating organization cost centers. Allowable purposes include, but are not limited to, the following:
 - Scholarships that are not qualified as gifts;
 - Student loans, health insurance, and other pass-through activities; and
 - Student Organizations.

Agency fund cost centers may only be used for purposes that do not include potential employment-type activities.

c. Establishing the guidelines for employment activities paid from the agency funds.

• Payments for employment relationships cannot utilize agency funds. All employment relationships must be processed through Human Resources and individuals paid from University funds via the payroll process. Agency fund cost centers may reimburse University operating cost centers.

• Refer to System Administrative Memorandum (SAM) 02.A.24 to identify employment relationships.

d. Submitting a monthly PeopleSoft cost center activity report to individuals and organizations owning the assets to ensure accountability.

de. Requiring that the individual or organization not be allowed to overspend the funds available in the cost center.

ef. Requiring that, upon termination of the activity, any remaining funds be returned to the fund owner.

5. REVIEW AND RESPONSIBILITY

Responsible Party: Senior Associate Vice Chancellor for Finance

Review: Every ~~three~~five years on or before March 1

6. APPROVAL

Approved: Jim McShan
Senior Vice Chancellor for Administration and Finance

Renu Khator
Chancellor

Date: May 15, 2018

7. REFERENCES

System Administrative Memorandum (SAM) 02.A.24 – Employees and Independent Contractors

REVISION LOG

Revision Number	Approval Date	Description of Changes
1	05/15/1992	Initial version
2	07/26/2002	Applied revised SAM template. Revised Section 4 to include more generic accounting references used in the new PeopleSoft Financial module. Changed review period from every third year on or before September 1 st starting in 1993 to every three years on or before September 1 st
3	06/09/2009	Reformatted Section 3 with definition of Agency Funds. Changed Section 4.a sponsorship level to be at dean or associate vice president level. Updated Section 4.e to remove the requirement to close the cost center at the end of each fiscal year. The documentation now mandates that funds will be returned to the owner when activity terminates. Changed review period from every three years on or before September 1 st to every three years on or before March 1 st . Removed Section 7, Indexing Terms
4	04/10/2012	Applied revised SAM template and added new Revision Log. No additional redlines were needed by determination of the Subject Matter Expert
5	05/15/2018	Updated titles as indicated. No additional changes were needed by the Subject Matter Experts (SMEs)
<u>6</u>	<u>TBD</u>	<p><u>Changed the identity of the department sponsor in Section 4.a from dean or associate vice president's level to full-time faculty or staff documented as cost center manager in the Finance system. Added Section 4.b to document allowable purposes for creating organization cost centers; these purposes do not include potential employment-type activities. Added Section 4.c on guidelines for employment activities paid from the agency funds; agency funds cannot be used for employee relationships, which need to be processed through Human Resources and paid from University funds via the payroll process. Added SAM 02.A.24 to Section 4.c to identify employee relationships and to new Section 7, References.</u></p> <p><u>These revisions were made due to an IRS audit.</u></p> <p><u>Changed the review cycle from every three years to every five years on or before March 1. Updated links as applicable</u></p>