

UNIVERSITY OF HOUSTON SYSTEM  
ADMINISTRATIVE MEMORANDUM

**SECTION: Fiscal Affairs**

**NUMBER: 03.G.05**

**AREA: General Accounting**

**SUBJECT: Requirement for Utility Bill Audits**

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1. PURPOSE

The purpose of this administrative memorandum is to establish the policy for utility bill audits as required by [Texas Government Code Chapter 2112](#).

2. POLICY

- 2.1. Every four years, an audit of each component university of the University of Houston System's electric, telephone, gas and water utility billings during the preceding four years, or the maximum recovery period, must be performed.
- 2.2. The System Associate Vice Chancellor for Finance (or designee) will represent all component universities in meeting the requirements of the audit, including the engagement of the utility audit firm and the recovery of any refunds. The audit must provide information to ensure that the amounts paid for service are proper.
- 2.3. Prior to conducting the audit, the Associate Vice Chancellor for Finance (or designee) shall analyze the potential benefit of the audit for all component universities. An audit shall not be performed if the Associate Vice Chancellor for Finance (or designee) determines that the savings and refunds provided by an audit will not exceed its cost.
- 2.4. The audit must be funded from refunds received as a result of the audit. The Associate Vice Chancellor for Finance (or designee) shall take appropriate action to recover any refund due. The amount of any refunds received shall be deposited in the cost center that incurred the associated expense.
- 2.5. During January and June of each year during which an audit is being conducted, the Associate Vice Chancellor for Finance (or designee) shall submit to the Legislative Budget Board and Comptroller a report on the status of the audit. The report must include a summary of the costs of the audit, current audit activity, a schedule of future activity, audit recommendations and results, pending refunds, and recovered refunds.
- 2.6. Not later than the 30th day after the date an audit is completed, the Associate Vice Chancellor for Finance (or designee) shall submit to the Legislative Budget Board and the Comptroller a report on the savings resulting from the audit, including their source, and the costs of the audit.

3. REVIEW AND RESPONSIBILITIES

Responsible Party: Associate Vice Chancellor for Finance

Review: Every three years on or before December 1

4. APPROVAL

Approved: Carl P. Carlucci  
Executive-Interim Vice Chancellor for Administration and Finance

Renu Khator  
Chancellor

Date: May 25, 2011

~~5. INDEXING TERMS~~

- ~~Utility bills~~
- ~~Utility audit~~

REVISION LOG

Revision Number	Approved Date	Description of Changes
1	06/08/1994	Initial version
2	02/28/2007	Applied revised SAM template. Changed the statute to be Texas Government Code Chapter 2112. The System Associate Vice Chancellor for Finance received increased responsibilities, replacing the UHS Controller. Reports will be submitted to the Legislative Budget Board and Comptroller. Review period changed from even numbered years before December 1 to every three years before December 1
3	05/25/2011	Applied revised SAM template and added new revision log. Section 2.4 was revised to indicate that refunds will be deposited at the cost center that incurred the associated expense. Provided web link for Texas Government Code Chapter 2112
<u>4</u>	<u>TBD</u>	