

**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 at the dean or associate vice president's level.
- b. Establishing the guidelines and minimum requirements for creating organization cost centers.
- c. Submitting a monthly PeopleSoft cost center activity report to individuals and organizations owning the assets to ensure accountability.
- d. Requiring that the individual or organization not be allowed to over spend the funds available in the cost center.

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

5. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice Chancellor for Finance

Review: Every three years on or before March 1

6. APPROVAL

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

Renu Khator
Chancellor

Date: April 10, 2012

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