

PeopleSoft General Ledger Manual of Administrative Processes

Process Title:	23C Recording Endowment Transactions
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Effective Date:	September 1, 2001
Attachments:	None

23C Recording Endowment Transactions

DESCRIPTION

All transactions affecting the University's endowment are initiated in the Treasurer's Office. General Accounting will accurately and promptly record these transactions to the appropriate campus.

PROCESS:

Purchase of Securities (UHS- Cost Center - Fund 6065 – Dept S0034 – Program F0821- Project/Grant NA)

- Obtain Cash and Investment Transaction Confirmation form (“Confirmation”) with supporting documentation from the Treasurer's Office.
- Prepare Journal Entry using spreadsheet – Excel Journal Entry (JE) form or JE panel for each security based upon confirmation and supporting endowment trades detail. Record: cost of shares of stock or par value of bonds, discount or premium, accrued interest purchased using appropriate Cost Center and Account. Refer to process 23A Journal Entry or 30A Inter Bus. Unit Reconciliation for inter unit transactions.
- Make copies and file in confirmation number order.

Sales of Securities (UHS- Cost Center - Fund 6065 – Dept S0034 – Program F0821- Project/Grant NA)

- Obtain confirmation with supporting documentation from the Treasurer's Office.
- Review bond discount/premium amortization schedule to determine unamortized premium or discount, review the Asset Statement form the Endowment Custodian (Texas Commerce Bank) for the carrying value, par value/ no. of shares for any bond and/or stock sales
- Complete the spreadsheet determining gain/loss on the sale of any bond and/or stock using cost and unamortized premium or discount to determine carrying value and the confirmation to obtain total proceeds
- Prepare Journal Entry using spreadsheet – Excel Journal Entry (JE) form or JE panel. Refer to process 23A Journal Entry or 30A Inter Bus. Unit Reconciliation for inter unit transactions. Also, write off cost of stocks or bonds write off unamortized premium or discount on books and recording of gain/loss and accrued interest on bonds for each transaction.

Cash Gifts to Non-UHS BU.

- Obtain Endowment Funds Deposit Form and supporting documentation of gift form Treasurer's Office.
- Complete a Journal Entry form by debiting the BANK Fund with Account = Endowment bank (as indicated on the Endowment Funds Deposit) and crediting the appropriate Cost Center and BU with Account # 31103. PSGL will generate an automated due to/from JE between BU. Refer to 22A Journal Entries Accounting Process.

Cash Gifts to UH- System

- Obtain Endowment Funds Deposit and supporting documentation of gift from the Treasurer's.
- Complete a Journal Entry form by debiting the BANK Fund with Account = Endowment bank (as indicated on the Endowment Funds Deposit) and crediting the appropriate Cost Center and BU with Account # 31103. PSGL will generate an automated offset Claim on Cash entries. Refer to 22A Journal Entries Accounting Process.
- Make copies and file in confirmation number order.

Donation of Non-Cash Gifts (Securities) to Non-UHS BU

- Obtain Endowment Funds Deposit and supporting documentation of gift from the Treasurer's Office. The value of the securities is to be stated on the deposit
- Complete a Journal Entry form by debiting appropriate cost center and Account = 11205 for gift of shares of stock and BU=00783 (UHS) and crediting appropriate Cost Center, Account = 31101 and BU = Non-UHS BU. PSGL will generate an automated offset to due to/from entries. Refer to 22A Journal Entries Accounting Process
- Make copies and file in confirmation number order.

Oil Royalties

- Obtain confirmation and supporting documentation form Treasurer's Office
- Complete Journal entry form by debiting Fund = BANK, Account = 10715 and crediting endowment cost center, plus Account = 31308, Royalties Received, in the System's Endowment. Add additional Journal line debiting endowment cost center with Account = 37422 and crediting cost center (Fund = 6065, Dept = S0034, Program = F08972) and Account = 33522 to transfer royalty income from the General Endowment cost center to the Melrose Thompson Endowment cost center
- Make copies and file in confirmation number order.

Endowment Fees

- Obtain confirmation and supporting documentation from the Treasurer's Office
- Complete Journal Entry form by debiting System endowment cost center and Account = 35119 for endowment fees charged by the fund managers.
- Make copies and file in confirmation number order.

Interest and Dividend Receipts

- Interest Receipts

- Obtain Monthly Transaction statement from the endowment custodian for UH (Texas Commerce Bank)
- Complete Journal Entry form by debiting Fund = Bank, Account = 10715 and crediting endowment cost center plus Account = 31300 (interest on investment in securities with maturities of less than one year), 31302 (interest on investment in securities with maturities of greater than one year but less than ten), and 31303 (interest on investment in securities with maturities of 10 years or longer)
- Make copies and file in confirmation number order.

Dividend Receipts

- Obtain Monthly Transaction Statement from Texas Commerce Bank.
- Complete Journal Entry form by debiting Fund = BANK, Account = 10715 and crediting endowment cost center plus Account 31305 (dividends on common stock) or 31306 (dividends on preferred stock)
- Make copies and file in confirmation number order.

Inter-Campus Transfer – To Record Transfer of Funds from Other BU to UH-System Endowment Funds

- Obtain confirmation from Treasurer's Office – SEE EXHIBIT GG.
- Complete Journal Entry form for BU = 00783 (UHS) by debiting Fund = Bank, Account = 10715 and credit BU = Non – UHS, Fund = Bank and Account = 10510. This will generate automated due to/from entries between BU. This will make book entry to transfer from UH Local Drawing bank to UHS Endowment bank.