

**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. 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.

3. POLICY

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

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 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; and
- e. Requiring that the agency cost center be properly closed out at the end of each fiscal year.

5. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice Chancellor for Finance

Review: Every three years, on or before September 1

6. APPROVAL

Approved: John M. Rudley
Vice Chancellor for Administration and Finance

Arthur K. Smith
Chancellor

Date: July 26, 2002

7. INDEXING TERMS

Agency Funds