

**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
- b. Establishing the allowable purposes for creating organization cost centers. Allowable purposes include but are not limited to:
 - Scholarships that are not qualified as gifts
 - Student loan, health insurance, and other pass through activities
 - 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 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.
- e. Requiring that the individual or organization not be allowed to over spend the funds available in the cost center.
- f. 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 Five years on or before March 1

6. APPROVAL

Approved: Jim McShan
Senior Vice Chancellor for Administration and Finance

Renu Khator
Chancellor

Date: 1/7/2020