

UNIVERSITY of HOUSTON
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Finance and Accounting
AREA: Finance and Accounting - General

Number: 05.04.08

SUBJECT: Annual Return of Centrally Funded Equity Balances

I. PURPOSE AND SCOPE

The administration of the University of Houston, being mindful of its responsibilities to manage funds from all sources which are entrusted to it for carrying out its programs and activities, deems it advisable to promulgate written guidelines and procedures for the annual sweep of centrally funded equity balances on an annual basis. Such guidelines and procedures will assist the University in meeting its responsibility to address the strategic priorities and mission of the institution.

II. POLICY STATEMENT

These guidelines and procedures are applicable to all centrally allocated funds for the University. On an annual basis, as part of the financial closing of each fiscal year, 25% of the remaining equity balances for all centrally allocated funds will be returned to central funding under the control of the President. Funds swept from the Division of Academic Affairs will be separately identified from funds received from the remaining Divisions.

It is the responsibility of the Vice President for Administration and Finance, through the business management personnel in each college and division, to manage the annual sweep process.

III. DEFINITIONS

- A. Central Funds: General Revenue, General Revenue-Dedicated, and Consolidated Tuition and Fee Funds that are centrally collected and allocated to Divisions via the Annual Plan and Budget.
- B. Division Business Administrator: The chief business officer within each division.

IV. GENERAL PROVISIONS

- A. Written procedures, including exceptions for certain funds designated for specific purposes, will be maintained by the Division of Administration and Finance.
- B. At the end of the closing period for each fiscal year (i.e., period 998), the Division of Administration and Finance will prepare a report by cost center that identifies unencumbered equity balances from centrally funded sources by cost center and Division. The report will identify the 25% for each cost center.
- C. This report will be provided to the Division Business Administrators for review. Business Administrators will be provided with a period of time to review the report to ensure that the sweep amount is appropriate and provide affirmation to the Division of Administration and Finance regarding the amount and the specific funds for the sweep.

- D. Annual sweep entries will be made on a consolidated level by the Division of Administration and Finance.
- E. Swept fund balances will be retained in institutional cost centers under the control of the President, separated into two purposes:
 - 1. Institutional funds swept from the Division of Academic Affairs.
 - 2. Institutional funds swept from all other Divisions.
- F. Funds will be used at the discretion of the University President.
 - 1. Funds swept from the Division of Academic Affairs will be used for purposes that support academic pursuits as defined by the President;
 - 2. Funds from the remaining divisions will be used for purposes that support general institutional initiatives as defined by the President.
- G. Funds will not be retained unnecessarily.
 - 1. If the unencumbered institutional fund balance in either category (Academic or Other Division) exceeds the sum of the prior five years of equity sweeps, the annual equity sweep will be paused until such time as a use of funds in support of the original source is identified by the President.
 - 2. Funds identified for future purposes that require a multi-year accumulation of funds will be considered as encumbered.
 - 3. Annually, beginning with Fiscal Year 2025, the Division of Administration and Finance will prepare the five year sweep amount and compare to the current equity balances in both categories (Academic or Other Division) and advise the President if a pause on centrally funded equity sweeps is required.

V. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice President for Finance

Review: Every five years

VI. APPROVAL

/Raymond Bartlett/

Vice President for Administration and Finance

/Renu Khator/

President

Date of President's Approval: November 30, 2021