



**Procedure Title: Procedures for Establishing Auxiliary Enterprises**

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**I. Procedure Purpose**

The following procedures outline the internal controls for determining whether to review an activity as an Auxiliary Enterprise.

**II. Procedure Definitions**

**A. Auxiliary Enterprise**

“Auxiliary Enterprise,” in this procedure, means an entity that is managed to operate as a self-supporting activity, that exists predominantly to furnish goods or services to students, faculty, or staff, and that charges a fee directly related to, although not necessarily equal to, the cost of goods or services. The public may be served incidentally by some auxiliary enterprises.

**B. Enterprise Funds**

“Enterprise funds,” in this procedure, means funds used to support operations.

**III. Procedure Process**

- A. When it is determined necessary to charge fees for providing goods or services, the University will review whether to establish an Auxiliary Enterprise - a self-supporting activity.
- B. A business activity must be integral to the fulfillment of the University's instructional, research, or public service missions, and comply with state and federal law to be considered as an Auxiliary Enterprise.
- C. Auxiliary Enterprise Funds will be accounted for in a manner recommended by the National Association of College and University Business Officers and approved by the Comptroller of Public Accounts and the Texas Higher Education Coordinating Board. Other rules and procedural guidelines established for the administration of University budgets, finances, human resources, procurement, business, facility, and administrative services may also apply.
- D. Privatization of business activities, such as contracting with an external party for the operation of campus business services, shall only be undertaken at the direction of the University President. When a business activity is privatized, the Senior Vice President for Finance and Administration shall ensure that the resulting contract contains (i) a mechanism to assure that quality services are provided in accordance with the scope of work (ii) adequate provisions for noncompliance and operational control, as appropriate, and (iii) if the contract is with a food service provider, a requirement that the food service provider periodically hold meetings or forums to provide students at the University with a reasonable opportunity to discuss the performance of the food service provider.
- E. Auxiliary enterprises are ineligible to receive appropriated funds.

**IV. References and Cross-References**

Article III § 6(8)(b) of the General Appropriations Act

[Texas Education Code §§ 51.009 & 51.945](#)

[Texas Government Code § 2252.061\(1\)](#)

**V. Revision History**

Policy Contact:	Assoc VP, Budget & Analytics
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