



THE UNIVERSITY of
NEW ORLEANS

**ADMINISTERED BY: Office of Vice
President for Business Affairs**

Policy No: AP-BA-19.2
**TITLE: Cash Management and
Investment**
EFFECTIVE DATE: May 2, 2014
CANCELLATION:
REVIEW DATE: Spring 2016

PURPOSE

The Vice President may designate one or more staff members to directly coordinate the day-to-day investment and cash management activities. Said person shall report to the Vice President for Business Affairs. All policies and procedures for centralized cash management and investment activities are reviewed periodically and updated.

AUTHORITY

The University of New Orleans (UNO) conducts investment activities under the authority provided from R.S. 49:327. This statute provides institutions of higher education the legal authority to promulgate and implement standards and policies relative to cash management and investment activities.

DEFINITIONS

Under provisions granted by that legal authority, the University wishes to define its cash management and investment policies, as well as confer upon the Vice President for Business Affairs the power and responsibility for administering and interpreting this policy.

GENERAL POLICY

The University of New Orleans has developed a centralized cash management system to meet the following objectives:

1. Provide funds as needed for the operation of the University
2. Generate maximum investment income with complete safety of investment
3. Centralize banking activities
4. Provide information to meet the management needs of the University

The primary objective of our cash management system is to provide for day-to-day funding needs (liquidity) so that current transactional requirements and obligations can be met. To accomplish this objective, excess cash is reduced and made available to generate investment income. Accurate cash

flow forecasts and implementation of our investment objectives are essential to our investment program. Safety of university assets is also a principle concern of our cash management and investment program. Every effort is made to mitigate both credit risk and interest rate risk for all funds deposited or invested.

The use of centralized bank accounts and electronic funds transfer (EFT), and use of the Automated Clearing House System (ACH) has further enhanced our investment goals.

Short-Term Cash Management (less than 90 days)

The University utilizes short-term cash forecasts to: (1) determine cash needs for operations, (2) manage the investment of excess cash. Investments allowed include money market funds, time certificates of deposit, direct security repurchase agreement, direct United States Treasury Obligations, and United States Government Agency Obligations.

The Assistant Vice President for Business Affairs – Accounting and Procurement coordinates and directs the University’s short-term cash management program. Cash forecast is prepared and reviewed daily against the University’s pattern for receipt and disbursement of funds.

The following information and procedures are considered in preparing the University’s cash forecast for a typical one-month cycle:

1. Cash receipts anticipated
 - a. Registration monies, state appropriation funds, other state funds, federal funds, maturing investments, invoice payments, and other larger receipts are monitored.
 - b. Each major cash receipt item is identified by source, projected date of arrival, and amount with information forwarded from cash receipts to the Assistant Vice President for Business Affairs.
 - c. The Assistant Vice President for Business Affairs monitors daily incoming receipts from EFT/ACH for investment and payment purposes.
2. Cash disbursements anticipated
 - a. Payrolls, financial aid, debt service, utilities, retirement contributions, taxes and insurance liabilities, and other large payments are identified.
 - b. Each major cash disbursement item is assigned to a specific individual to monitor through Accounts Payable and Payroll and is coordinated with the Assistant Vice President for Business Affairs as to wire date, mailing date, and float time.
3. A monthly calendar for payroll and accounts payable distributions, lists the anticipated date of distribution for large disbursement items with specified individuals responsible for each major item and its coordination for EFT transfer distributions.

The University of New Orleans through a request for proposal for banking services has negotiated an earnings credit rate based on the 13 week United States Treasury Bill for all funds maintained in our general operating account. Other options are available to the Office of Business Affairs and are reviewed periodically.

The University's management of its central cash account allows efficient deposit, collection, transfer, and investment of funds. For disbursements, the University utilizes an interest bearing account with funds earning interest daily. The payroll account utilizes a "Sweep account" where monies transfer from an interest bearing account to cover all checks clearing for that day.

Coordination of cash receipts and disbursements is a primary goal for the effective management of short-term investments.

Long-Term Investments (90 days or longer)

The cash forecasting information prepared for short-term cash needs is the basis for projecting funds available for longer-term investment opportunities. Time Certificates of Deposit with maturities not exceeding the terms outlined in ([R.S. 49:327B](#)), money market funds, and direct United States Treasury Bills are the primary long-term investments used by the University. Additional investment options include United States government agency obligations and direct security repurchase agreements.

Once funds are determined to be available for investment, the following procedures are utilized:

1. Certificates of Deposit, T-Bills or other securities are purchased to meet investment goals and are renewed by the University as necessary.
2. CD's, T-Bills, other investments are made in denominations over \$1,000,000 to effect better rates.
3. Area banks are sent a request for quotes and are asked to provide a rate quote for the amount and time period of each investment. The CD is purchased from the bank providing the highest rate of return. Each bank must be an approved fiscal agent depository for the state. The T-Bill and other security rates quoted by the banks are reviewed with the Wall Street Journal for comparison.
4. EFT is utilized to move cash to the bank acquiring the investment. Accounting entries are made to reflect the University accounts participating in the investment.

Asset Allocation and Investment Guidelines

Since the University's primary focus is short term cash management, available investment securities are limited to United States Treasury Bills, Bank Certificates of Deposit, United States Government Agency Securities, and repurchase agreements. Bank Certificates of Deposit are purchased for periods not greater than twelve months and are secured by appropriate pledging from banks authorized by the Treasurer of the State of Louisiana to receive such deposits. All banks holding deposits for the University of New Orleans shall have adequate collateral pledged to cover such deposits including certificates of deposit and any other deposited funds. Banks are further required to meet the FIRREA

regulations including the execution of a Security Agreement which includes a pledge of collateral for deposits and a Bank Board of Directors Resolution authorizing specific bank officers to execute these agreements. For U.S. Treasury Securities and Government Agency securities purchased by the University, banks must provide safekeeping receipts, collateral agreements, custodial agreements, and listings of the correspondent banks actually holding the securities.

Monthly collateral reports are sent to the University by each bank holding University funds.

Compliance

University employees possessing responsibility for cash management and investment activities are bonded through the Office of Risk Management. University cash wire transactions require verification and authentication through the assignment of unique token numbers and require second-person verification. The monthly reconciliation of all bank statements is verified by the Assistant Vice President for Business Affairs – Accounting and Procurement and by the University’s Internal Auditor on a periodic basis. Investment policies and procedures are also reviewed by the Legislative Auditor as part of the University’s audit. The Vice President for Business Affairs will endeavor to make available appropriate professional training to University personnel in the performance of their cash management duties and responsibilities.

Summary

Investment decisions and information are coordinated and communicated with the President and Vice President for Business Affairs and are periodically evaluated based on the University’s investment objectives.

Cash management at the University of New Orleans will continue to develop with new methods and procedures adopted to meet changes in the banking system and the University’s needs and objectives.

PROCEDURE

Please see [Cash Management Procedures](#) for information regarding deposits, mail receipts, campus receipts, federal funds and state grant funds, collection of receivables, and disbursements.



Peter J. Fos, Ph.D., M.P.H.
President
University of New Orleans