



www.mybrcc.edu

TITLE: CASH MANAGEMENT AND INVESTMENT

EFFECTIVE DATE: July 1, 2013

LAST REVISION: November 13, 2014

Policy No. 8.1004

PURPOSE

Baton Rouge Community College (BRCC) 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. Under provisions granted by that legal authority, the college wishes to define its cash management and investment policies, as well as confer upon the Vice Chancellor of Finance the power and responsibility for administering and interpreting this policy. The Vice Chancellor 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 Chancellor of Finance. All policies and procedures for centralized cash management and investment activities are reviewed periodically and updated.

OBJECTIVES

BRCC has developed a centralized cash management system to meet the following objectives:

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

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. Safety of college assets is a principle concern of our cash management and investment program.

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. Demand deposit account and other basic banking service agreements shall not exceed five years without approved extension and should be based on request for proposals. BRCC has placed cash management as a major goal and has recognized the significant returns available from implementing our objectives.



www.mybrcc.edu

Short-Term Cash Management (less than 90 days)

BRCC has agreements with area banks for interest bearing demand accounts (money-market, etc.) so that all funds on deposit other than “clearing” accounts are invested. Interest rates on demand accounts may vary from bank to bank and in accordance with account activity.

The college’s central cash account management allows efficient deposit, collection, transfer, and investment of funds. For its disbursement (accounts payable) account, the college 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. Transferring of funds electronically between accounts and banks has replaced checks for many large dollar transactions in the college’s cash management system.

Coordination of cash receipts and disbursements are a primary goal in effective management of short-term investments. The Vice Chancellor of Finance is aware of the college’s investment objectives and the specific procedures required fulfilling them.

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.

Long-Term Investments (90 days or longer)

Baton Rouge Community College Foundation maintains an investment account for Endowed Professorships on behalf of BRCC.

Asset Allocation and Investment Guidelines

Since the college’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 respective banks authorized by the Treasurer of the State of Louisiana to receive such deposits. All banks having deposits for Baton Rouge Community College shall have adequate collateral pledged to cover such deposits including certificates of deposit as well as any other deposited funds. Banks are further required to meet the FIRREA regulations including a Security Agreement, (including a pledge of collateral for a deposit), and a Bank Board of Directors Resolution authorizing specific bank offers to execute these agreements. For U.S. Treasury Securities and Government Agency securities purchased by the college, banks must provide safekeeping receipts, collateral agreements, custodial agreements, and a listing of the correspondent bank actually holding the security.



www.mybrcc.edu

Monthly collateral reports are sent to the college by each bank holding college funds. Accounts Payable prepare monthly reports showing each bank account and balance. This report is reviewed by the Interim Financial Reporting and Compliance Officer.


Performance Evaluation and Safety

The monthly reconciliation of all bank statements is verified by the Interim Financial Reporting and Compliance Officer on a periodic basis. Investment policy and procedures are also reviewed by the Legislative Auditor as part of the college's audit.

Summary

Investment decisions and information are coordinated and communicated with the Chancellor and Vice Chancellor of Finance and are periodically evaluated based on the college's investment objectives. The Vice Chancellor will endeavor to make available appropriate professional training to college personnel in the performance of their cash management duties and responsibilities.

Cash management at BRCC will continue to develop with new methods and procedures adopted to meet changes in the banking system and to address college needs and objectives.

Source of Policy: Finance
Related Policy: _____
Approved by: 
Chancellor Andrea Lewis Miller

Responsible Administrator: VC for Finance
LCTCS Policy Reference: 5.013
LCTCS Guideline Reference: _____
Date: 11/13/2014