

## **UAM OPERATING PROCEDURE 301.1**

### **CASH MANAGEMENT**

#### **Purpose**

- To establish sound cash management practices ensuring efficient utilization and appropriate monitoring of University funds, including the investment of excess funds.
- To provide guidelines to assist employees in fulfilling their fiduciary duty to the University.
- To establish safeguards in relation to University cash.

#### **General Guidelines**

All activity and balances in the primary accounts shall be monitored by the Office of Finance and Administration to determine the cash necessary to meet the University's daily cash obligations and to maximize investment returns.

#### **Collateralization Guidelines**

The total of all deposits in any financial institution by the University of Arkansas at Monticello in excess of the FDIC insured amount must be collateralized by:

- Direct Obligations of the United States Government;
- Obligations of agencies and instrumentalities created by act of Congress and authorized thereby to issue securities or evidence of indebtedness;
- General obligations of the states of the United States and of the political subdivision, municipalities, commonwealths, territories, or insular possessions thereof;
- Pre-refunded municipal bonds, the principal and interest of which are fully secured by the principal and interest of a direct obligation of the United States Government;
- An irrevocable letter of credit issued by the Federal Home Loan Bank (FHLB) or other approved government sponsored enterprise;

The total fair market value of the pledged securities must be at least 105% of the amount of cash fund deposits at the depository bank or financial institution that exceed FDIC coverage. The current market value of the collateral will be the basis for determining value. Cash fund deposits are compared to fair market value of pledged securities daily to determine if excess pledged securities need to be released or if additional securities need to be requested.

The securities must be held by a Federal Reserve Bank, a Federal Home Loan Bank, or a banker's bank that does not have common ownership with the pledging bank or financial institution.

The custodian(s) of collateral pledged for the deposits of the University of Arkansas at Monticello must provide monthly reports showing the current market value of the collateral to the designated individual within the office of Finance and Administration.

The University will maintain a rolling 12-month cash forecast that is updated on a monthly basis and available for review on a daily basis. This forecast will estimate cash receipts and

disbursements based on historical and forecasted data, which will assist in determining efficient cash management strategies, techniques and procedures in achieving the following objectives:

- Liquidity – maintaining the ability to pay obligations when they become due.
- Cash Optimization – establishing systems and procedures that help minimize investment in non-earning cash resources while providing adequate liquidity.
- Coordination – ensuring that cash management goals are communicated and integrated with the strategic objectives and policy decisions of other areas of the University that have an impact on cash flows.
- Financial Risk Management – monitoring and assisting in the control of the University’s exposure to various financial risks, including the appropriate collateralization of all deposits in accordance with University policy and other applicable laws and regulations.
- Financing – if and when necessary, obtaining both short- and long-term borrowed funds in a timely manner at an acceptable cost.

The Vice Chancellor for Finance and Administration (VCFA), the Controller, and the Business Manager are responsible for the movement of funds between bank accounts maintained by the University. Associated responsibilities connected with this activity include, but are not limited to:

- Establishing the daily cash position of the University.
- Appropriately funding disbursement accounts for University obligations.
- Initiating all wire transfers of funds for general business purposes of the University.
- Moving depository funds for investment purposes of the University.

The University has designated individuals holding the following positions to sign on the indicated accounts at the banks and other financial institutions denoted in the policy. These are established accounts that have been opened in accordance with the University of Arkansas Board Policy 305.1. It is required that the Vice Chancellor for Finance and Administration approve all new bank accounts.

### **Bank Accounts Allowing Deposit and Withdrawals**

<u>Institution</u>	<u>Account Name</u>	<u>Signature Authority</u>
Union Bank	Consolidated*	VCFA, Controller, Business Manager
Union Bank	Payroll*	VCFA, Controller, Business Manager
Union Bank	Restricted*	VCFA, Controller, Business Manager
Commercial Bank	Loan Funds*	VCFA, Controller, Business Manager
Commercial Bank	Credit Card*	VCFA, Controller, Business Manager
First National Bank of McGehee	McGehee Consolidated*	VCFA, Controller, Business Manager
Century Next Bank-Crossett	Crossett Consolidated*	VCFA, Controller, Business Manager
Simmons Bank	Money Market	VCFA, Controller, Business Manager

\*2 signatures required for amounts over \$5,000

<u>Department</u>	<u>Account Name</u>	<u>Responsible Party</u>
Crossett	Cashier	Designated Cashier and Vice Chancellor
Crossett	Bookstore	Designated Cashier and Vice Chancellor
McGehee	Cashier	Designated Cashier and Vice Chancellor
McGehee	Bookstore	Designated Cashier and Vice Chancellor

**Bond Debt Service Trustee Accounts**

<u>Institution</u>	<u>Account Name</u>	<u>Signature Authority</u>
Union Bank	Various Facilities Revenue Bonds Tax-Exempt Series 2017 A Taxable Series 2017 B	VCFA, Controller, Executive Director of Budget
Union Bank	Various Facilities Refunding 2020 Tax-Exempt Series 2020 A Taxable Series 2020 B	VCFA, Controller, Executive Director of Budget

**University of Arkansas at Monticello  
Bank Statement Reconciliation Policy**

All UAM bank statements are reconciled by the 15<sup>th</sup> of each month following the month ended. These reconciliations are performed by the Assistant Controller.

All bank statements are completed in Workday and ledger balances are verified to bank balances using the Workday Book to Bank report before being approved by the Controller. This approval confirms that the current procedures are followed and that the reconciliation accurately presents the status of the account at the bank as well as on the general ledger.

Outstanding checks that have remained unclaimed for more than one year after their issue date are either reissued to payees if the payees' whereabouts are known, or submitted to the Auditor of State as unclaimed property. A payable is set up each for the amount of funds that will be remitted to the Auditor of State Unclaimed Property Division by November 1 of the same calendar year.

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