



Policy Number: III.08  
Policy Level: Operating Policy  
Originally Issued: December 16, 2013  
Revised: July 19, 2016  
Reviewed: August 22, 2019  
Revised: May 18, 2022  
Policy Owner: VP for Financial Affairs  
Policy Implementation: VP for Financial Affairs,  
Assistant VP for Financial Affairs/Business Manager

## **Investments and Cash Management**

### **I. Policy Statement and Purpose**

The University has been entrusted with public funds to fulfill its mission of education, research, and service. All University faculty and staff under the leadership of the Board of Trustees and the University administration are obligated to ensure that University funds are used only for mission-related purposes and are used in compliance with accepted financial management procedures, University policies, and state and federal requirements.

This policy sets the requirements for cash management and investments in accordance with University policies related to fiscal concerns established by the Board of Trustees, related Administrative and Financial Operating Policies, and accounting and financial directives/procedures issued by the Office for Financial Affairs.

The Vice President for Financial Affairs, or designee, is responsible for safeguarding the University's assets through appropriate cash management, investments, and regular evaluation of financial institutions.

### **II. University Depositories**

Financial institution services (to include investments) shall be regularly evaluated and selected based upon services rendered by the financial institutions serving the institution. The Vice President of Financial Affairs or designee will consider rates of returns on all cash accounts, the financial institutions interest rates, services offered to the University, lending abilities and customer service history and will recommend an appropriate financial institution to the President. The President will review the information and make a recommendation to the Board of Trustees on one or more institutions to be designated as depositories for University funds.

Financial institutions must be insured by FDIC/FSLIC and must be designated in the Security for Alabama Funds Enhancement program.



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### **III. Cash Management and Custodian of Funds**

The President has the authority to designate one employee as treasurer/custodian of funds to be responsible for receiving and disbursing all institutional monies. This person shall also be responsible for the day-to-day activities and functions relating to cash and cash management and for establishing a cash management and investment program for institutional funds. The designation does not necessarily change the title of the person receiving this designation.

In accordance with provisions contained in the *Code of Alabama 1975*, Sections 41-14A-1 through 41-14A-14, the University's deposits are to be held by those financial institutions in the State of Alabama's Security for Alabama Funds Enhancement (SAFE) Program.

### **IV. Investments**

The University invests available financial resources in short- and long-term markets to preserve capital and to provide additional revenues.

#### **Criteria for Investments**

Investments are in accordance with the *Code of Alabama 1975*, Section 16-13-2, Sections 27-1-8 and 27-1-9, and Sections 27-41-1 through 27-41-41. These laws provide that the University may invest in the same type of instruments as allowed by Alabama law for domestic life insurance companies.

No other types of investments are authorized.

The University compares rates of return on all feasible authorized investment mediums prior to making investments and invests in those mediums expected to pay the highest return for the period of time for which the funds are available for investment.

### **V. Responsibility for this Operating Policy**

#### **Policy Owner**

As part of the initial approval of this policy by the President and subsequent to the original dissemination of the policy, the President has assigned the Vice President for Financial Affairs as the policy owner for the ongoing evaluation, review, and approval of this policy. Subsequent reviews and revisions to this policy must be in accordance with approved operating policy procedures and processes.



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This policy will be reviewed every three years or more frequently as needed by the Policy Owner. Revisions will be reviewed/affirmed by the Cabinet and approved by the University President. This policy will be updated/published in the University's Policy Library.

**Responsibility for Policy Implementation**

The President has assigned the responsibility of implementing this policy to the Vice President for Financial Affairs and the Assistant Vice President for Financial Affairs/Business Manager.