

Section: Business and Support Operations

Section Number: 3.7.3

Subject: Financial Transactions: Banking Policy

Date of Present Issue: 06/06/00

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06/79, 12/95

POLICY:

Legal interpretations by the courts have concluded that funds once appropriated by the state are then under the control and direction of the Board of Trustees. Such funds continue to be public monies in the same manner as funds provided from tuition, board and room. These are University funds and as far as depositories are concerned, need not retain the identity of the specific sources.

The policy, therefore, is to adopt a "pooled cash" concept wherein the following represents the banking program for Lake Superior State University.

PROCEDURE

A. Bank Accounts

(To operate on a "pooled cash" concept, providing maximum flexibility of use of cash without regard to fund).

1. General Account

- a. To receive deposits of all incoming monies.
- b. Transfer out as needed to meet operating expenses.
- c. Transfer to investments as cash flow permits and as negotiated.

2. Payroll Account

- a. This account is a sweep account, drawing funds from the General Account to cover payroll. Or a check may be written from the General Account and deposited to cover payroll.

3. Other Accounts: Aflac, Workers Compensation, TRECS, etc.

- a. These are sweep accounts, drawing funds from the General Account to cover expenses.

B. Short-Term Investments

In accordance with the By-Laws of the Board of Trustees and in accordance with the policy as specified by action of the Board in February, 1975 to:

1. Maximize the amount of funds that can be invested to the greatest extent practical and to,
2. Obtain the largest return possible for the institution,

The Vice President for Business and Financial Operations is authorized to invest in United States treasury bonds, bills or notes, certificates of deposit, open time or passbook accounts issued by any state or national bank organized and authorized to operate a bank in this state, or other prudent investments as may be recommended by Board-selected financial counsel, contracted with in accordance to policy established by the Board.

Generally speaking, this will mean that banking institutions will compete for funds. To provide for maximum flexibility, savings accounts will be maintained with minimum balances to provide cash for emergency needs thereby protecting time investments without jeopardy to interest.

Implementation

A. Establishment of Bank Accounts

Banking services may be bid by any bank, preferably a local bank, that provides business teller services. Length of contract is not to exceed three years. The University will create the necessary bank accounts required for the operation of its business enterprise.