

System-wide Policy: BT0032 - Statement of Treasury Policy	
Version: 2	Effective Date:10/22/2021

BOARD OF TRUSTEES
STATEMENT OF TREASURY POLICY

SECTION 1. PURPOSE

This policy shall govern the deposit, disbursement, and investment of University funds.

SECTION 2. DEPOSIT OF UNIVERSITY FUNDS

- A. It shall be the duty of all University officials, including the Treasurer, who receive University funds of any description, to deposit them immediately to the account of the University in commercial banks or savings and loan associations located in the State of Tennessee.
- B. The Treasurer, President, and Chief Financial Officer (CFO) shall designate the institutions to serve as University depositories with the approval of the Board of Trustees. The number of depository accounts will be kept to a minimum consistent with good business practice, convenience of the University's campuses and units, and safety.
- C. The University may deposit funds in institutions so designated without requiring security therefor to the extent that such deposits are insured under the provisions of an Act of the Congress of the United States or any amendment thereto. When the amount of University funds in any designated depository institution exceeds the amount of insurance provided, the depository institution shall be required to pledge securities as collateral for University deposits. The face value of the collateral so deposited shall be a sum ten percent (10%) in excess of the deposit to be secured thereby, less so much of any such amount as is protected by insurance. In lieu of pledging collateral securities as described herein, depositories may secure University deposits through the State of Tennessee Collateral Pool for Public Deposits. Collateral securities acceptable to secure University deposits shall be limited to the following:
 - 1. Bonds of the United States or any of its agencies;
 - 2. Obligations guaranteed by the United States or any of its agencies, the

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payment of which are insured by it and which are fully guaranteed both as to principal and interest by the United States;

3. Bonds of the State of Tennessee, including revenue bonds issued by any agency of the State of Tennessee;
4. Obligations of The University of Tennessee;
5. Bonds issued in the name of the Tennessee State School Bond Authority;
6. Bonds of any county or municipal corporation of the State of Tennessee;
7. Loans to students guaranteed 100% by the Tennessee Student Assistance Corporation;
8. Any other collateral security which is acceptable to the Secretary of the Treasury to secure the United States for deposits of public money in tax and/or loan accounts; provided, that such collateral shall not include state or municipal bonds from other states or from municipalities in other states; and
9. Any other security instruments defined as “eligible collateral” in Tennessee Code Annotated § 9-4-103.

The Treasurer is authorized to establish escrow accounts at the Federal Reserve Bank, Federal Home Loan Bank, or any commercial bank for the deposit of collateral pledged to secure University deposits which provides for the transfer of the collateral to the University in the event of failure or refusal of any University depository to return any deposit plus earned interest in accordance with the terms of the deposit contract. The Treasurer shall periodically value securities pledged as collateral for University deposits to determine that the market value of such securities exceeds the amount of the deposits less so much of any such amount as is protected by deposit insurance.

- D. All deposits shall be evidenced by a deposit certification in accordance with procedures established by the Treasurer. Deposits of University funds that result from transfers of funds within the banking system utilizing electronic

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transfer of funds shall be evidenced by those documents and advices as are used within the banking system to execute such fund transfers.

- E. The University shall compensate banks for the maintenance of accounts and other services by maintaining sufficient collected balances in depository accounts or by direct payment for services provided.
- F. Whenever interest bearing accounts are established by the University, reasonable service charges may be deducted from interest income pursuant to procedures established by the Treasurer.
- G. With the approval of the President and the CFO, the Treasurer is authorized to establish accounts for deposit of funds received by the University in the capacity of agent for said funds. The Treasurer shall establish procedures for the operation and maintenance of said depository account.

SECTION 3. DISBURSEMENT OF UNIVERSITY FUNDS

- A. University funds shall be disbursed by the CFO or Treasurer by check drawn on any of the depositories of the University, to be signed by the CFO or Treasurer and countersigned by the President. However, electronic transfer of funds, in lieu of a check, may be utilized when such use is deemed by the CFO or Treasurer to be in the best interest of the University.
- B. Transfer of funds between depositories, in order to facilitate a concentration of funds for immediate investment, shall be made by an electronic transfer of funds.
- C. A petty cash account shall be allowed by the Treasurer to each University campus, unit or department, which shall in the Treasurer's opinion require such account, and said accounts so established shall be reimbursed only upon statements and bills audited by the Office of Accounts Payable.

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SECTION 4. TEMPORARY INVESTMENT OF IDLE CASH FUNDS

- A. The Treasurer is authorized to invest all idle University cash funds in excess of amounts required for immediate cash needs and amounts required to compensate banks for services provided to the University.
- B. Investments of cash funds shall be limited to the following:
1. Certificates of deposit of banks and savings and loan associations located in the State of Tennessee, which shall be secured by deposit insurance, or pledged collateral in the same manner as depository accounts;
 2. Bonds, notes, and treasury bills of the United States;
 3. United States agency securities and United States instrumentality securities;
 4. Obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself;
 5. Prime commercial paper which shall be rated in the highest category by at least two commercial paperrating services;
 6. Prime bankers acceptances that are eligible for purchase by the Federal Reserve System; and
 7. Any other security instruments deemed appropriate as authorized under Tennessee Code Annotated § 9-4-602.
- C. Investment obligations, when so purchased, shall be turned over to the Treasurer, who shall be responsible for the safekeeping thereof. In lieu of actual physical delivery of such obligations so purchased, the Treasurer may accept trust receipts.
- D. The Treasurer is specifically authorized to purchase investments by a check signed by the CFO or Treasurer and countersigned by the President or by electronic transfer of funds.

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- E. The selection of investments and the maturities thereof shall be synchronized in such a manner that the needs of the University for liquidity will not be handicapped.
- F. The Treasurer is authorized to execute or cause to be executed such certificates, advices, agreements, or other documents on behalf of the University which may be required to carry out this Statement of Treasury Policy.
- G. Revenues resulting from interest earned on University funds will be credited to the general revenues of the University, except in the case of endowment, quasi-endowment, and life income funds or funds specially designated for investment, in which case revenue will be credited to the appropriate fund.

SECTION 5. OPERATING POLICIES AND PROCEDURES

The Treasurer shall have the responsibility for establishing such operating policies and procedures as may be needed to carry out this Statement of Treasury Policy. Such operating policies and procedures will be subject to the approval of the CFO.

Related Policies:

FI0310 Receiving and Depositing Money

FI0505 Accounts Payable

FI0930 Payroll

FI0525 Petty Cash

History:

Adopted	November 8, 2019
Amended	October 22, 2021