

Prepared by Senior Vice President for Administration  
This update replaces Policy E8.201 previously revised on July 1998.

UNIVERSITY OF HAWAI'I

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EXECUTIVE POLICY - ADMINISTRATION

Rev. March 2000

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E8.201      CASH MANAGEMENT AND SHORT-TERM INVESTMENT OF OPERATING FUNDS

INTRODUCTION

SECTION 8-2 of the University of Hawaii Board of Regents Bylaws and Policies provides for the establishment of bank depositories or federally insured savings and loan depositories for the safekeeping of operating funds under the custody of the University. Such funds include Federal, Agency, Trust, Revolving and Special funds retained by the University under the provisions of Section 304-8, HRS, as amended.

Because the expenditure of University operating funds do not occur concurrently with the receipt of such funds, it is incumbent upon the University to not only assure the safekeeping of the resulting idle cash, but to also make full use of idle cash through an effective short-term investment program that will produce maximum returns.

As promulgated by Board of Regents Policies 8-6g, the following objectives, policies and procedures are established for the University's cash management and short-term investment program.

OBJECTIVES

The objectives of the University cash management and short-term investment program are to:

- (1) Plan, manage and control the collection of revenues and the disbursements of funds so as to maximize the pool of temporarily idle cash, and
- (2) Invest available idle cash to maximize yields while maintaining adequate security and liquidity in investments permitted under Hawai'i Revised Statutes §36-21, short term investment of state moneys.

POLICIES

- (1) All University personnel responsible for financial management shall provide for the expeditious billing, collection and deposit of funds due to the University. At the same time, disbursements shall be controlled so as to maximize the pool

of cash from which short-term investments can be made.

- (2) Idle cash from all operating funds will be pooled and invested by the Treasury Office. Interest earned will be prorated based on average weekly cash balances.
- (3) Temporary idle cash shall be fully invested to obtain maximum yield consistent with safety, liquidity and diversification.
- (4) Short-term investments of operating funds may be made in U.S. Treasury bills, U.S. Treasury notes and bonds, U.S. Government Agency obligations, Banker's acceptance, certificate of deposit, commercial paper, money market funds, repurchase agreements, savings accounts, and student loan resource securities.

These investments are to be made in firms and institutions which are determined to be financially sound having main branches on the island of O'ahu.

- (5) Collateralization of savings and checking accounts and certificates of deposit is required under this policy for all investments exceeding the maximum amount of federal deposit insurance.
- (6) Responsibility and authority for the management of short-term investments of operating funds are delegated to the Senior Vice President for Administration.

#### ADMINISTRATIVE PROCEDURE

An investment committee composed of the Director of Treasury and Support Services, the Director of Financial Management, and a program representative appointed by the Senior Vice President for Administration shall meet periodically to:

- (1) Review current investment policies and procedures.
- (2) Make recommendations and set guidelines concerning investment policies.
- (3) Determine methods of evaluating investment performance.
- (4) Review/evaluate current investment performance.
- (5) Review/evaluate investment alternatives.

Specific investments of available idle cash shall be upon approval of the Senior Vice President for Administration or his designee.