18.01 UNIVERSITY POLICY

It is the policy of Rowan University to establish and maintain effective procedures for short and long-term cash management investment activities and to designate appropriate staff members to execute such procedures. This will be facilitated at the University by the Cash Manager. This individual will assume responsibilities for all of the University’s cash management activities which includes the interface activities between the University, the State of New Jersey’s Division of Investments and all other financial institutions.

The University is responsible for managing its cash flow in order to:

- optimize the timely investment of the University’s net state appropriation payments and idle funds in an investment program approved by the Vice President for Finance & Administration and the Board of Trustees
- facilitate the timely disbursement of funds
- predict potential cash shortfalls and the need for institutional borrowing

The University is responsible for monitoring its cash flow on a short and long-term basis and to
safeguard and protect the institution’s assets.

18.01.1 **OFFICE OF THE VICE PRESIDENT FOR ADMINISTRATION AND FINANCE**

The Cash Manager reports to the Director of Accounting & Procurement Services. The Director in coordination with the Vice President for Administration & Finance will be responsible for staffing, operating, and monitoring all activities associated with investment as well as cash management responsibilities.

18.02 **OVERVIEW OF ACCOUNTING FOR INVESTMENTS**

Rowan University has established banking relationships with various financial institutions. The following bank accounts will be maintained at these institutions:

- General Operating Account-Depository
- General Operating Account-Disbursement
- Payroll Operating Account-Disbursement
- Treasury Sweep Account
- General Investment Account
- Investment Trust Account

In addition, a Perkins Loan Account is maintained at Wachovia Bank, North Carolina.

18.02.1 **DEPOSITING AND SWEEPING CASH RECEIPTS**

All appropriated funds are electronically transferred to the Rowan University General Operating Fund/Depository Account by the Treasury Department. On the first working day of each month, 1/12 of the net state appropriation is to be transferred from the State Treasury. Locally collected cash receipts are deposited to the University’s general operating fund/depository account on a daily basis (see Chapter 6 for accounting and processing of cash receipts). Funds in excess of operating expenses are moved from the University’s general operating fund/depository account to the General Investment Account at the New Jersey Cash Management Fund. These transfers occur on an as needed basis. The transfer of funds is requested over the telephone by the Cash Manager. All movements of money to or from the University’s investment accounts and Cash Management to or from the University’s operating accounts are acknowledged by debit/credit advice.

18.02.2 **TRANSFER OF FUNDS**

The Cash Manager monitors the amount of cash in the general operating accounts and requests a transfer of funds to or from the investment accounts on an as needed basis.
18.02.3 **DISTRIBUTION OF INTEREST INCOME**

All monies collected by Rowan University will be invested in interest bearing accounts or vehicles to maximize investment earnings. All interest will be recorded in the general ledger on a timely and periodic basis. Earned interest will be distributed to the following accounts:

- Current Unrestricted Fund
- Current Restricted Funds
- Auxiliary Services
- Loan Programs as Legally Mandated
- Grant and Sponsored Programs as Legally Mandated

As additional programs are received by Rowan University, legal and contractual requirements for investment earnings will be reviewed and allocations will be made as required.

**Calculations**

The General Ledger Cash Balance will be used as the basis for the allocation of interest income. The General Ledger Cash Balance will be as defined in the SCT Financial Accounting System.

18.03 **DAILY PROCESSING ACTIVITIES**

On a daily basis, the Cash Manager must determine if the total amount of funds in the operating accounts is sufficient to cover payments for that day. If funds in the operating accounts are insufficient, a transfer of funds from the investment accounts to the operating accounts must be processed.

If funds are needed, the Cash Manager will request a transfer of the cash needed from the University’s investment accounts.

All receipting activities should conclude by early afternoon so that the appropriate close out activities can be performed and that cash can be deposited to the University’s bank account.

The Cash Manager will analyze the cash needs of the University and where appropriate transfer all funds in the University’s operating accounts to the investment accounts on a periodic basis.

18.04 **SHORT TERM/LONG TERM INVESTMENT OPTIONS**

The University’s short term investment options include but are not limited to the use of the New Jersey Cash Management Fund, and overnight Treasury Sweep Fund, and other investment vehicles (ie. Certificates of Deposit, Repurchase Agreements, etc.) that are deemed appropriate and within the risk parameters as determined by the University Board of Trustees and the University Executive Staff. The opening of such accounts and/or the purchase these investments will be implemented by the Cash.
Manager in coordination with the Director of Accounting & Procurement Services and the Vice President for Administration & Finance.

The University’s long term investment options include but are not limited to the purchase of US Treasury securities, US Government obligations (FNMA, GNMA, etc) and other investment vehicles (ie. Stock, Corporate Bonds, NJ Municipal obligations, etc.) that are deemed appropriate and within the risk parameters as determined by the University Board of Trustees and the University Executive Staff. The purchase or sale of these investments will be implemented by the Cash Manager in coordination with the Director of Accounting & Procurement Service and the Vice President for Administration & Finance. The University will use the offices, support systems and the regulatory guidelines of the New Jersey Division of Investment.

### 18.05 INVESTMENT REPORTS

The Cash Manager will provide the Director of Accounting & Procurement Services and senior management with the following cash management and investment reports:

- **Daily Cash Balance Reports**
- **Cash Balance Reconciliation & Estimate Report**
- **University Investment Report**
- **University Sources & Uses of Funds Report**
- **Investment Options for Purchase and/ or Sale**

  - Daily
  - Weekly
  - Monthly
  - Monthly
  - As Required