

15.0 CASH MANAGEMENT AND INVESTMENT GOALS AND PROCEDURES

15.1 Responsibility

The President of Chattahoochee Valley Community College is responsible for the establishment of a cash management and investment program for College funds. The President designates the Chief Financial Officer as treasurer/custodian of College funds and is responsible for receiving and disbursing all institutional monies. The CFO is responsible for the day-to-day activities and functions of the program. The President, Campus Administrators, and the Chief Financial Officer shall be bonded in an appropriate amount in accordance with State Board of Education policy. The CFO will manage both daily cash flow and short-term investments.

15.2 Investment Goals

The College shall invest all appropriate available cash to secure the maximum investment return consistent with the State Board investment management policy. Interest earned shall be clearly accounted for and shall be used for appropriate College purposes. All monies shall be placed in interest-bearing accounts unless legally restricted by an external agency.

Interest earned shall be accounted for in accordance with policies and procedures as set forth in the Financial Management Procedures Manual. The College will maximize all cash balances available for short-term investment while providing sufficient liquid funds available to pay current obligations in a timely manner.

15.3 Current Campus Procedures

Excess operating cash is maintained in a “money market” interest-bearing investment account. Cash balances are reviewed weekly by the Chief Financial Officer to determine operational needs and the availability of funds.

Maturing short-term investments are transferred to the “money market” investment account until the next regularly scheduled bid.

CVCC regularly schedules the bidding of its short-term investments.

Per State law, CVCC is restricted in the types of investment instruments it can use. Certificates of deposit and money market are the instruments currently used by CVCC due to their comparative interest yield.

CVCC invites bids from all local Alabama banks. The bids are awarded to the highest bidder of interest rates. (All short-term investment bid files are maintained in the Business Office for review.)

Investment general ledger accounts are reconciled and reviewed monthly for fund management and administrative reporting. Investment transactions are audited yearly by State Examiners of Public Accounts.

The Business Office annually verifies and has on file documentation to ensure all bank balances are properly collateralized and enrolled in Alabama Safe program.

15.4 Conditions Governing the Granting or Withholding of Investment Discretion Description of Authorized Transactions

All funds invested shall be invested in a manner consistent with all applicable state and federal laws and regulations.

Short-term investment instruments available for use as specified by State Board Policy include checking accounts, money market accounts, savings accounts, certificates of deposit, treasury bills and repurchase agreements. Other investments may include instruments of the Federal National Mortgage Association and the Government National Mortgage Association and stocks and bonds that may have been donated.

Banking services (to include investments) should be evaluated and selected based upon services rendered by the financial institutions serving the College. Financial institutions must be insured by FDIC/FSLIC. Investments exceeding federal insurance shall be collateralized by the financial institution.

Investment accounts will be bid in order to ensure the highest rate of return compared to current market rates.

15.5 Performance Criteria

Criteria to be used for performance measurement of both short- and long-term investments include:

- Comparison of current fiscal year investment income to previous year to determine percentage of change.
- Comparison of monthly cash flow to determine sufficient liquid cash was available.

15.6 **Evaluation Methods and Use of Results**

Annually in October, the CFO will evaluate CVCC’s investment activities to determine if total returns of investment interest yielded the highest possible investment returns based on recent economic market conditions. A comparative spreadsheet will be prepared and distributed to the President’s Cabinet for review.

The information yielded from the evaluation of investment outcomes will be utilized to determine the length of investments for the next fiscal year. For example, if market conditions are poor, investments will be guaranteed for a shorter period of time (e.g., 3 months) in order to maximize the annualized rate of return should market conditions improve before the close of the fiscal year.

All investments are subject to review by the Department of Postsecondary Education and the Alabama Department of Examiners of Public Accounts.

Related State Board Policies:

- [302.02](#) [Treasurer](#)
- [307.01](#) [Depositories](#)
- [307.02](#) [Reserve Fund](#)
- [308.01](#) [Cash Management](#)