



Handbook of Operating Procedures

Section: 8.6.2
Originally Approved: 10/05/1990
Last Amended: 01/24/2007
Last Reviewed: 01/24/2007
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CASH MANAGEMENT POLICY

A. Purpose

The purpose of this policy is to ensure adequate liquidity without being underinvested. The University of Texas-Pan American has adopted the following policy regarding the banking arrangements it maintains at local banking institutions and the Allocation for Non Endowment Funds Policy Statement of The University of Texas System.

B. Persons Affected

This policy applies to all employees of the University.

C. Policy

The University of Texas-Pan American will aim to maintain a minimum daily balance of \$100,000 at a local banking institution for operational liquidity with amounts in excess thereof being invested in accordance with the Allocation for Non Endowment Funds Policy Statement.

1. Local Banking Arrangements

Funds required for operational liquidity shall be deposited at a local bank that has been selected through a competitive bidding process. The University will not select a bank solely on the lowest bid provided, but will also consider the bank's ability to assist and carry out the University's cash management strategy. The banking service agreement entered between a local bank and the University will be for an initial term of three to five years with a one or two year renewal option.

The University of Texas-Pan American will use a request for information (RFI) or a request for proposal (RFP) at the end of an existing banking service agreement. Based on the information obtained in response to the RFI or RFP the University will negotiate with a responding bank to consummate an agreement for banking services.

2. Centralized Cash Management

Although the Board of Regents of The University of Texas System has overall fiduciary responsibility for the investment of Endowment and Non Endowment Funds, the Board has appointed The University of Texas Investment Management Company (UTIMCO) to invest these funds consistent with Board's policy.



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Non Endowment Funds in excess of that needed for operational liquidity shall be invested consistent with the Allocation for Non Endowment Funds Policy Statement that became effective on February 1, 2006. Non Endowment Funds invested with UTIMCO shall be allocated between the Short Term Fund and the Intermediate Fund in accordance with this policy.

Endowments shall be invested in the General Endowment Fund (GEF), in accordance with the General Endowment Fund Investment Policy Statement, unless the endowment instrument precludes the commingling of assets or holds illiquid assets. Endowments precluded from commingling assets or that hold illiquid assets shall be separately invested in accordance with the Separately Invested Endowment, Trust, and Other Accounts Investment Policy Statement.

D. Definitions

Not applicable.

E. Responsibilities

1. The Vice President for Business Affairs is responsible for the implementation of this policy, but may delegate the daily operation and policy compliance to a named delegate.
2. The University's Financial Manager is responsibly for reviewing and evaluating policy compliance for Endowment Funds on a quarterly basis.

F. Procedures

Not applicable.

G. Review

This policy shall be reviewed by the Vice President for Business Affairs every five years or as required.