

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Name: Finance and Facilities Committee

Date: June 17, 2015

Title: Proposed Amendments to Policy 7.5 Financial Institutions and Investments (First Reading)

Purpose (check one):

Proposed
New Policy or
Amendment to
Existing Policy

Approvals
Required by
Policy

Other
Approvals

Monitoring /
Compliance

Information

Brief Description:

Upon issuing an RFP for armored vehicle service, the Campus Service Cooperative learned that vendors providing that service were unable to comply with the requirement in Policy 7.5, Part 3 "Daily Deposits".

This proposed amendment, in conjunction with authorization received from Minnesota Management and Budget would allow colleges and universities to deposit "no later than the next business day".

The proposed board policy revision was reviewed by Campus Service Cooperative and Finance staff and posted for comment for a one week comment period ending May 14, 2015.

Scheduled Presenter(s): Laura M. King, Vice Chancellor - CFO

BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

First Reading

BOARD ACTION

Proposed Amendments to Policy 7.5 Financial Institutions and Investments (First Reading)

BACKGROUND

Board Policy 7.5, Financial Institutions and Investments, was adopted by the Board of Trustees and became effective on June 21, 2000. The policy was last reviewed on January 29, 2015 and revised by adding Part 2 subpart B “Official custodian” and for grammatical changes.

Upon issuing an RFP for armored vehicle service, the Campus Service Cooperative learned that vendors providing that service were unable to comply with the requirement in Policy 7.5, Part 3 “Daily Deposits”. The requirement was reviewed by Finance and Campus Service Cooperative staff and a waiver of the daily deposit requirement was requested and approved by Minnesota Management and Budget (MMB) on May 1, 2015. In conjunction with the proposed changes to Policy 7.5, the waiver granted by MMB would allow colleges and universities to deposit “no later than the next business day”.

PROPOSED AMENDMENTS

The proposed amendment to Policy 7.5 is reflected in the track-changes copy of the policy.

REVIEW PROCESS

The proposed board policy revision was reviewed by Campus Service Cooperative and Finance staff and posted for comment for a one week comment period ending May 14, 2015.

RECOMMENDED COMMITTEE MOTION

The Finance and Facilities Committee recommends that the Board of Trustees approve the changes to Policy 7.5 Financial Institutions and Investments.

RECOMMENDED BOARD MOTION

The Board of Trustees approves the changes to Policy 7.5 Financial Institutions and Investments.

Date Presented to the Board of Trustees: June 17, 2015

BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD POLICY		7.5
Chapter	7.	FINANCIAL INSTITUTIONS AND INVESTMENTS
Section	5.	General Finance Provision

1 **7.5 Financial Institutions and Investments**
2

3 **Part 1. Policy Statement.** It is the policy of the Board that each college, university, and the
4 system office shall maintain an effective program of cash management, including depositories and
5 collateral requirements, in compliance with applicable state and federal law, board policy, and
6 system procedures.

7 **Part 2. Financial Institution Practices.**

8 **Subpart A. Safekeeping of funds.** All system office, college or university funds must be:

- 9 1. Deposited for safe keeping in financial institutions selected in
10 accordance with provisions of Minnesota Statutes, effective financial
11 administration, and effective community relationships; and
12 2. Invested in accordance with applicable federal and state law, including
13 Minnesota Statutes § 118A.03, and board policy and system
14 procedures.

15 **Subpart B. Official custodian.** The Board designates each college, university and the
16 system office as an official custodian to the extent it meets the requirements of Federal
17 Deposit Insurance Corporation regulations.

18 **Subpart C. Authorized staff.** Documentation authorizing specific staff to sign checks
19 or initiate funds movements, or changes thereto, for all financial institution accounts,
20 pooled investments accounts, or money market funds must be approved by the chancellor
21 for the system office and by the president for a college or university.

22 **Subpart D. Collateral.** Agreements with depository financial institutions must require
23 the provision of adequate collateral to assure safety of these funds in accordance with
24 Minnesota Statutes § 118A.03 and other applicable law.

25 **Subpart E. Earned interest.** As permitted by statutes and system procedures, interest
26 received on local institutional funds may be credited to appropriate accounts.

27 **Part 3. Daily Deposits.** All monies received by the system office, college or university shall be
28 deposited in accordance with Minnesota Statutes § 16A.275.

29 The system office, college, or university may deposit less frequently than daily if authorized by
30 Minnesota Management and Budget.

31 ~~All monies received by the system office, college or university shall be deposited daily, unless~~
32 ~~such receipts are less than \$1,000 in which event deposits may be deferred until they total such~~
33 ~~sum.~~

34 **Part 4. Accountability/Reporting.** The Board shall be updated on financial institution
35 relationships and investment management on an exception reporting basis and advised of any
36 recommended policy changes.

37

38

39 **Related Documents:**

40

- 41 • Procedure 7.5.1 Financial Institution Accounts/Investments

42 To view any of the following related statutes, go to the Revisor's Web site
43 (<http://www.revisor.leg.state.mn.us/>). You can conduct a search from this site by typing
44 in the statute number.

- 45 • Minnesota Statute 11A.24 Investment of State and Pension Fund Assets
- 46 • **Minnesota Statute 16A.275, Agency Receipts; Deposit, Report, Credit**
- 47 • Minnesota Statute 118A, Deposit and Investment of Local Public Funds
- 48 • Minnesota Statute 309, Social and Charitable Organization - Management of Institutional
49 Funds

50 **Date of Implementation:** 06/21/00

51 **Date of Adoption:** 06/21/00

52

53 **Date & Subject of Revisions:**

54

55 *xx/xx/15 – Amended Part 3 Daily Deposits to establish Minnesota Statute 16A.275 as the source*
56 *for rules regarding deposits. Including, allowing college, university, or system office to deposit*
57 *less frequently than daily if a waiver has been granted by Minnesota Management and Budget.*

58

59 *01/29/15 - Amended to clean up language throughout. New Part 2, Subpart B was added,*

60

61 *11/16/11 - Effective 1/1/12, the Board of Trustees amends all board policies to change the term*
62 *"Office of the*

63 *Chancellor" to "system office," and to make necessary related grammatical changes.*

64

65 *Click here for additional 7.5 **HISTORY***