

Treasury Management Operations

Section: Treasury Management

Number: 105.100

Title: Treasury Management Operations

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POLICY

.100 POLICY STATEMENT

Cash management services are the responsibility of the Oregon State Treasury's Finance Division, Cash Management Section. The Treasury maintains accounts for OUS in which each institution's cash balances are held. Each institution deposits and disburses funds through these Treasury accounts. The Treasury contracts with banks to provide institutions a method to deposit money into their accounts at Treasury. The Treasury's Cash Management Manual provides the policies that all state agencies, including OUS, must follow in managing our cash transactions and balances.

The OUS cash management operations policy and related procedures provide additional detail on the types of accounts that the Chancellor's Office and institutions use at the Treasury to process cash transactions. This policy details the functions that must be completed to ensure maintenance of reconciled balances between OUS Banner instances and the Treasury. In addition, it defines the responsibilities of both the Chancellor's Office and institutions in performance of duties related to cash management.

.110 POLICY RATIONALE

Within the Oregon University System, responsibilities for cash management exist at both the Chancellor's Office and the institutions. This policy is intended to define distinctions between functional responsibilities for both the Chancellor's Office and institutions. In particular, as a result of the Fiscal Accountability Framework (FAF) project review of Treasury Management, some institutions may now perform functions previously completed by the Chancellor's Office. Therefore, differentiation of functions between institutions performing their own cash reconciliations and those for whom centralized reconciliations are completed must be defined.

An additional outcome of the FAF project was the assignment of responsibility for maintenance of positive fund cash balances to the Vice Presidents for Finance and Administration at each institution, with the understanding that they may further delegate this responsibility as necessary. This policy formalizes that assignment of responsibility as part of the broader definition of duties related to cash management.

This policy and related procedures also document the various accounts that the institutions may utilize for processing cash transactions. These include suspense checking accounts as well as other Treasury bank accounts, revolving fund accounts, and petty cash funds.

.120 AUTHORITY

The basis for this policy is provided in the following:

- ORS 293.875 State Treasurer as state cash management officer
- ORS 351.540 Board Checking Account
- OAR 580-040-0005(8) Vice Chancellor for Finance & Administration signs claims, payrolls, and checks
- IMD 6.004 Accounting policies for cash funds
- IMD 6.005 Cash receipts deposited promptly
- IMD 6.006 Working funds (revolving and petty cash) for department activities
- IMD 6.008 Disbursements only for lawful purposes in accordance with Board policy

.130 APPROVAL AND EFFECTIVE DATE OF POLICY

Approved by the Senior Vice Chancellor for Finance & Administration on January 20, 2005, with an effective date of January 24, 2005. This policy supersedes FASOM Section 13.07: Purchasing -- Cash Management.

.140 KNOWLEDGE OF THIS POLICY

All Chancellor's Office and institutional personnel with fiscal responsibilities in the area of treasury management should be knowledgeable about this policy and related procedures.

.150 DEFINITIONS

A glossary of terms related to cash management is available in the Oregon State Treasury's Cash Management Manual. The manual can be accessed on the web at:

<http://www.ost.state.or.us/Services/CashMgmt/Manual.asp>

.160 RESPONSIBILITIES

The Senior Vice Chancellor for Finance and Administration is responsible for System fiscal policy, including the Treasury Management Operations policy.

Functional responsibilities of institutions and the Controller's Division in the area of treasury management operations are detailed under Policy section [.170](#)[2] Suspense Checking Accounts Responsibilities.

.170 TREASURY SUSPENSE CHECKING ACCOUNTS

[1] Suspense Checking Accounts Overview

OUS maintains separate suspense checking and payroll accounts at the State Treasurer's Office for each institution. Suspense accounts are the primary checking and clearing account for each university. Each institution is authorized to issue checks on its suspense and payroll accounts. If a situation arises that requires a separate revolving fund checking account, an institution may still establish such an account. (See Policy section [.180](#))

[2] Suspense Checking Accounts Responsibilities

The Controller's Division will be responsible for the following functions:

- Reconcile all Treasury bank accounts. This function may be delegated from the Controller to the institutions.
- Analyze monthly Banner expenditures by bank code (e.g., bond building fund, student activities fund and donation fund) and reimburse suspense checking accounts. This function may be delegated from the Controller to the institutions.
- Coordinate electronic funds transfers and automated clearinghouse transfers with the State Treasurer. This function may be delegated from the Controller to the institutions.
- Reconcile cash impact of inter-institutional transactions and transfer cash between institution suspense checking accounts accordingly.
- Act as liaison with the State Treasurer's Office for responsibilities not delegated to the institutions.
- Authorize institution personnel to disburse funds from the Oregon State Treasury.

- Create a process to produce cash modification reports (FWSBDC and FWRCAAD) at the Controller's Division and create a file of any unposted inter-institutional journal vouchers each week from the institution FIS database.

Institutions will be responsible for the following functions:

- Maintaining positive cash balances in all funds at all times. Balances shall be monitored both within Banner and at the Treasury. Ultimate responsibility for maintenance of positive cash balances is assigned to the Vice President for Finance and Administration at each institution. This responsibility may be further delegated within each institution by the Vice President for Finance and Administration if formalized within institutional policy.

General Policy Statement:

In general, all funds should maintain positive cash balances at all times.

Exceptions:

Cost Reimbursable Grant Funds

By their nature, funds established to account for cost-reimbursable grants require expenditure of funds in advance of the receipt of grant funds. If an institution does not record inter-fund loans to recognize the substance of the negative balances in funds accounting for cost reimbursable grants, positive balances within the Education and General funds must be offset with the negative balances of cost-reimbursable grant funds to properly measure compliance with this policy. In that case, funds within the Education and General funds group operating out of the same Treasury bank account must maintain sufficient cash balances to offset negative balances within cost reimbursable grant funds.

Operating Units with Multiple Funds

It is recognized that institutions may have units that operate out of multiple funds. In those cases, if the funds of the operating unit roll up to a single fund in the accounting system and those funds all operate out of the same Treasury bank account, the control point for purposes of measuring the positive balance mandate would be the roll-up fund. Individual funds within those units may be negative but the total of the roll-up fund must be positive at all times.

- Maintaining appropriate internal controls over delegated treasury operations.
- Maintaining adequate security over check stock and facsimile software.
- Controlling the internal check-writing process.
- Replacing lost or forged checks.
- Providing the Controller's Division with timely data needed to perform its functions.
- Encoding Banner fund code records with correct bank codes (coordinate with the Controller's Division as needed).

- Processing inter-institutional transactions accurately and timely, and ensuring that inter-institutional transaction totals remain unchanged.
- Reviewing Bank Interfund Account Control (FGRCASH) and GL Subsidiary Ledger Control (FGRCTRL) reports for out-of-balance conditions daily.
- Additional responsibilities are assigned to institutions performing their own Treasury reconciliations and reimbursements:
 - Reconcile all institution-specific Treasury bank accounts in a timely manner. Recommended timeframe is within 15 days of the close of each fiscal period.
 - Analyze monthly Banner expenditures by bank code (e.g., bond building fund, student activities fund and donation fund) and reimburse suspense checking accounts.
 - Determine that assignment of responsibilities for Treasury reconciliations and reimbursements meet standards of internal control, which includes segregation of duties. Assignment of responsibilities will be reviewed by the OUS Internal Audit Division.
 - Perform certain liaison functions with the State Treasurer's Office:
 - Timely interaction with Treasury regarding potentially fraudulent or counterfeit checks and check encoding errors, based on daily monitoring of Treasury check data. In the event that a counterfeit check is discovered, Treasury must be notified within one business day. Forged checks must be reported within 18 months and altered checks must be reported within six months.
 - Interact with Treasury regarding Wires and incoming ACH.
 - Utilize the State Treasurer's approved method to process monthly expense reimbursements. Current method for processing is through the State Treasury ACH Network (STAN).
 - Coordinate with Treasury the receipt of electronic check and deposit data.
 - Prepare bank account requests and signature authorization forms for submission to Treasury. Note that these forms will still be routed to the Controller for approval and signature prior to submission to the Treasury.
 - Certify to the Controller that monthly reconciliation and reimbursement functions have been completed. (See Procedures section [.710](#))
 - Utilize the principles, standards and related requirements for cash management prescribed by the State Treasurer. These requirements can be found in the Oregon State Treasury Cash Management Manual. The manual can be accessed on the web at: <http://www.ost.state.or.us/Service/CashMgmt/Manual.asp>.

.180 TREASURY REVOLVING FUND CHECKING ACCOUNTS

[1] Revolving Fund Checking Accounts Overview

Under rare circumstances and when necessary for efficiency, an institution may be authorized to establish revolving fund checking accounts. Such accounts are operated on an imprest basis, which means that the exact amount of fund expenditures is replaced periodically.

[2] Revolving Fund Checking Accounts Approval

Establishment of revolving fund checking accounts must be authorized by the Controller's Division and approved by the State Treasurer.

[3] Revolving Fund Checking Accounts Operations

Revolving fund checking accounts must not be operated at negative bank balances. To meet this requirement, procedures defined in the Procedures section .100 must be followed.

.190 PETTY CASH FUNDS

Petty cash funds may be established by each institution's Business Affairs office to fund minor departmental expenditures for which a procurement card or other purchasing procedures cannot practically be used. These funds are operated on an imprest basis, which means that the exact amount of fund expenditures is replaced periodically. At all times, the total of receipts plus cash on hand must equal the total of the petty cash fund. Institutions are responsible for establishing appropriate internal controls and for safeguarding the petty cash funds.

Petty cash funds must be recorded on the institution's balance sheet. Petty cash fund transactions must be entered in institution accounting records on a timely basis. As petty cash funds are reimbursed, the expenditures are recorded in the accounting records.

.200 FORM

The Treasury Reconciliation and Reimbursement Certification Form (PDF format) is used for the monthly Certification of Treasury Reconciliation and Reimbursement process. (See Procedures, section [.710](#))

.690 CONTACT INFORMATION

Direct questions about this policy to the following offices:

Subject	Contact
General questions from institutional personnel	Institution Office of Business Affairs
General questions from institutional central administration and Chancellor's Office personnel	Chancellor's Office Controller's Division

.695 HISTORY

01/20/05 - Approved. This policy supersedes FASOM Section 13.07: Purchasing -- Cash Management.

Policy Last Updated: 01/24/05

APPENDIX

[.700 REVOLVING FUND CHECKING ACCOUNTS PROCEDURES](#)

[.710 CERTIFICATION OF TREASURY RECONCILIATION AND REIMBURSEMENT PROCEDURES](#)

[.800 FORM](#)

The following treasury management operations procedures are not a part of the treasury management operations policy. They may be modified by the Controller without re-approval of the policy by the Senior Vice Chancellor for Finance and Administration.

.700 REVOLVING FUND CHECKING ACCOUNTS PROCEDURES

As stated in the Policy section .180[3], revolving fund checking accounts must not be operated at negative bank balances. To meet this requirement, the following operational procedure must be followed:

- Enter revolving fund accounting transactions in institution accounting records on a timely basis.
- Reimburse the revolving fund checking account for any expenditures by generating a suspense check within FIS to the revolving fund. Institutions must deposit such suspense checks to revolving fund bank accounts immediately. These reimbursements are the only deposits made to revolving fund checking accounts.
- As an alternative to the above procedure, institutions may determine an initial amount to deposit in the revolving fund checking account; these funds come from the institution's suspense account. The revolving fund bank account is reimbursed periodically as in the above paragraph.

.710 CERTIFICATION OF TREASURY RECONCILIATION AND REIMBURSEMENT PROCEDURES

[1] Summary

This procedure defines the requirement for certification of certain distributed Treasury reconciliation and reimbursement processes.

[2] Scope

This procedure applies to institutions that have been given delegated responsibilities for Treasury reconciliation and reimbursement.

[3] Purpose

The purpose of this procedure is to encourage efficiency and promote good internal control.

[4] Certification of Certain Distributed Processes

Each month, the institutional Director of Business Affairs, or designee, will certify that certain distributed reconciliation and reimbursement processes have been successfully completed. The processes covered by this certification will be established by the Controller. This certification will be submitted to the Controller within two weeks of the close of each period.

- [Treasury Reconciliation and Reimbursement Certification Form \(PDF format\)](#)

[5] Designation

The institutional Director of Business Affairs will designate an institutional employee responsible for reconciliation and reimbursement of Treasury accounts. The institution must determine that assignment of responsibilities for Treasury reconciliations and reimbursements meet standards of internal control. Assignment of responsibilities will be reviewed by the OUS Internal Audit Division. This designation will be communicated in writing to the Controller. Also, a substitute will be designated to serve in that employee's temporary absence.

[6] Exceptions

A legitimate business need may be identified which would not strictly conform to these guidelines. If that occurs, an exception may be requested. The Controller will evaluate the request and may grant an exception.

.800 FORM

[Treasury Reconciliation and Reimbursement Certification Form \(PDF format\)](#)

Appendix Last Updated: 01/24/05