



Category

4-07 Investment of Idle Funds

Approval

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Responsible Party: Vice President of Finance and Administration

Policy Statement

The College shall invest idle funds in accordance with current Kansas statutes.

Implemental Procedures:

1. The College investment policy shall apply to all College funds. WSU TECH Foundation funds are handled by the Foundation.
2. Safety of the Principle shall be the foremost objective of the investment policy. Each investment transaction shall seek to first ensure that Principle losses are avoided, whether they are from security defaults or erosion of market value.
3. The College investment portfolio shall remain sufficiently liquid to enable the College to meet all operating requirements which might reasonably be anticipated.
4. The College’s investment portfolio shall be designed with the objective of equaling or exceeding the average rate of return of U. S. Treasury bills. The investment program shall seek to augment returns above this threshold, while being consistent with state law restrictions, prudent investment principles, and cash flow requirements.
5. The College’s investment portfolio shall be diversified with respect to maturity, security types, and/or individual financial institutions to avoid incurring unreasonable or avoidable risks to Principle or liquidity of investments.
6. All participants in the investment process shall seek to act responsibly as custodians of the public trust. With regard to investment of College funds, employees of the College shall avoid any transactions that might impair public confidence in the College’s ability to govern effectively.
7. According to current Kansas statutes, the College may invest moneys which are not immediately required for the purposes for which they were collected or received in the following instruments:
 - a. Time Deposit/Open Accounts or Certificates of Deposit with Kansas banks, savings and loan associations, or federally chartered savings banks with an office located in Sedgwick County.
 - b. Repurchase agreements with Kansas banks, savings and loan associations, or federally chartered savings banks with an office located in Sedgwick County.
 - c. Temporary notes or no-fund warrants issued by the College.
 - d. U. S. Treasury bills or notes with maturities not exceeding two years.

Investment of idle funds must always be offered first to eligible financial institutions with an office located within Sedgwick County. If no eligible financial institution in Sedgwick County offers an interest rate equal to or higher than the published "investment rate," then the College may invest in repurchase agreements, U. S. Treasury bills or notes, Kansas State Municipal Investment Pool Fund, temporary notes or no-fund warranties outside Sedgwick County. In no event shall maturities exceed two years or in any other way violate the Kansas Statutes.

8. All investment security purchases by the College shall be held in third-party safekeeping by an institution designated as primary agent to protect against potential fraud and embezzlement. The primary agent shall issue a safekeeping receipt to the College listing the specific instrument, rate, maturity, and other pertinent information.

Deposit-type securities (Certificates of Deposit) shall be collateralized as required by Kansas law for any amount exceeding FDIC coverage. Other investments shall be collateralized by the actual security held in safekeeping by the primary agent.

9. The College Vice President of Finance and Administration is designated as investment officer and is responsible for making investment decisions and activities. To insure adequate segregation of duties this individual also is the sole banking contact approved to make changes to the individuals who can view and access the bank account.

In the event of an extended absence of the Vice President of Finance and Administration, the Director of Finance shall act as the investment officer.

10. The standard of prudence to be applied by the investment officer shall be the "prudent investor" rule, which states: Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as applied in the context of managing the overall portfolio. The investment officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for the specific security credit risk or market price changes, provided that these deviations are reported immediately and that appropriate action is taken to control adverse developments.

11. The College shall diversify its investment portfolio wherever possible. Within the limit of the law assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, issuer, or class of securities. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- a. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity.
- b. Liquidity practices shall be used at all times to ensure that the next disbursement date and payroll date are covered through maturing investments, marketable U. S. Treasuries, or cash on hand.

12. The Board Finance Committee shall, ~~be~~ at their discretion, competitively bid banking services for the College. The committee will utilize the Vice President of Finance and Administration to do the administrative work associated with this process. Once a financial institution is selected, reporting on investments or other banking activities will be made available at their discretion.