

Regulations Library

The University of Utah

Policy: 3-4 Rev: 4

Date: January 12, 1996

Policy 3-051: Banking Policy

I. Purpose

To establish Procedures and criteria for the selection of commercial banks to provide banking services to the university and to prescribe requirements relating to the opening of new bank accounts.

II. References

- A. State Money Management Act, Section 51, Chapter 7, Utah Code Annotated, 1953.
- B. Rules of the State Money Management Council.
- C. Utah State Board of Regents **Banking Policy (R-543)**.
- D. **Policy 3-050**, Investment Policies.
- E. **Policy 1-006**, Conflict of Interest.

III. Definitions

- A. Principal bank shall mean the commercial bank selected by the university into which all university funds will be deposited, except funds held for investment and certain minor funds. Such bank must be a qualified depository as defined by the State Money Management Act.
- B. Depository bank shall mean a commercial bank selected by the university in which minor funds may be deposited. Such bank must be a qualified depository as defined by the State Money Management Act.
- C. Minor funds shall mean petty cash funds, lock box funds, and miscellaneous funds which are more practically maintained in a bank other than the university's principal bank.

IV. Banking Policy

A. Deposits

All university funds shall be promptly deposited in and maintained with the university's principal bank except for:

- 1. Funds held for investment in accordance with the University Investment Policy (**Policy 3-050**).
- 2. Minor funds deposited with approved depository banks.
- 3. Change funds and petty cash funds which are held by university operating entities in accordance with established Procedures.

B. Bank Accounts

- 1. University bank accounts, including both demand deposit and savings accounts, may not be established for any university office, department, division or other entity without the written recommendation of the President or the Vice President for Administrative Services and approval of the University of Utah Board of Trustees.
- 2. Upon approval of the Board of Trustees the Vice President for Administrative

Services shall be authorized to sign checks on university bank accounts and to sign agreements and documents pertaining to such accounts and other banking relations. With approval of the President, the Vice President for Administrative Services may delegate in writing signature authority to other university officers.

3. The Board of Trustees shall delegate authority to the Vice President for Administrative Services to designate in writing other University employees, by name and position, as authorized signatories on departmental and imprest bank accounts. Such departmental and imprest bank accounts must be authorized by the Board of Trustees.

C. Principal Bank

The university's principal bank shall be selected through the banking services procurement process, described in paragraph VI.

D. Depository Banks

Depository banks shall be selected and submitted to the Board of Trustees for approval by the Vice President for Administrative Services or the President. The basis for selection shall be the bank's ability and willingness to meet the needs of university departments requiring such bank accounts.

V. Eligibility to Serve as the University's Principal Bank

A. Minimum Requirements

In order to be eligible for selection as the university's principal bank, all of the following qualifications must be satisfied:

1. It must maintain within the Salt Lake City metropolitan area a banking office capable of providing all ordinary commercial banking services, as well as investment assistance and advice to the university.
2. It must be incorporated under the laws of the State of Utah or of the United States.
3. It must have continuously maintained over the previous twelve month period, and be able to demonstrate its capability for continuing to maintain, capital funds (capital surplus and undivided profits) of at least seven times the maximum amount of funds proposed to be kept on deposit at the bank by the university.
4. It must be eligible to receive public funds as determined by the State commissioner of Financial Institutions and the State Money Management Council.

B. Service Capabilities

Selection of the principal bank from among those banks that satisfy the eligibility requirements of paragraph V.A. shall be based upon an objective comparative evaluation of the capability and commitment of such banks to perform commercial banking services needed by the university, including their ability to:

1. Provide the number of checking accounts required by the university, and to process all deposit items received and checks issued by the university.
2. Provide for the currency and change requirements of the various university department and entities.
3. Provide compatible data processing services for reconciliation of all bank accounts, and other data processing requirements related to maintenance of university accounts.
4. Provide investment services to the university for the management of its short term funds, including:
 - a. Transfer of funds to New York banks for the purchase of securities.
 - b. Safekeeping of securities, including safekeeping in a New York

correspondent bank or in a branch of the Federal Reserve Bank.

- c. Repurchase agreements or qualified money market funds as an investment vehicle to ensure investment of all university funds not otherwise invested.
 - d. Assistance with the purchase and transfer of commercial paper, time certificates of deposit, bankers acceptances, and other money market investments.
 - e. Transfer of funds between banks by wire transfer through the banking system.
5. Provide daily telephonic reports of account activity.
 6. Issue savings bonds in connection with payroll withholdings.
 7. Act as depository for federal withholding and payroll taxes.
 8. Have the capability to provide merchant bank card services.
 9. Provide financial consultation.
 10. Actively participate in federally insured student loan programs.

VI. Procedures for Selection of a Principal Bank

A. Evaluation Process

Prior to the termination or expiration of any current agreement with a principal bank and no less often than four years, the Vice President for Administrative Services will request proposals for banking services from all eligible banks and will conduct an objective evaluation for the purpose of determining the relative qualifications and service capabilities of eligible banks, under Section V.

B. Service Fees

Interested and eligible banks will be requested to submit a schedule of fees which will be charged to service the university account. The university will provide the estimated number of annual transactions, by category. The fees shall be quoted on a per item processed basis where applicable.

C. Selection Process

Based on the results of the service evaluation and the quoted service fees, the Vice President for Administrative Services will recommend to the President the selection of a principal bank. The recommendations shall include a comprehensive description of the evaluation process employed, the reasons and justifications for the conclusions reached, and the cost implications based on quoted fees and other costs associated with the various proposals received. Gifts to the university, public relations and similar matters should not enter into the selection process. The President will forward his/her recommendations for designation of a principal bank, with a list of proposed authorized signers, to the Board of Trustees for final approval.

D. Termination of Principal Bank

1. Upon approval of the Board of Trustees, the President may terminate the banking arrangements between a principal bank and the university at any time, if such termination is determined to be in the best interest of the university.
2. Upon termination of the university's banking arrangements with a principal bank, the university will select a principal bank from those banks which satisfy the qualifications set out in Section V. and submit a recommendation for approval of the selected bank to the Board of Trustees.

VII. Reconciliation of Bank Statement Balances

The responsibility for reconciling the monthly bank statement balances shall be delegated to an individual independent of all receipting, disbursing and other accounting functions. The

reconciliation shall be reviewed and approved by the university's controller.

VIII. Merchant Bank Card Services

Departments of the university providing services for which costs are reimbursed, may determine that acceptance of merchant bank or charge cards would be financially beneficial to the operations of the department. Departments choosing to accept merchant bank or charge cards should direct requests for such services to the office of investment management. The office of investment management shall coordinate the establishment of the requested account with the university's applicable vendor.

Approved: Board of Trustees 1/12/96

OUTDATED