

Policy 3-051: Banking Services

Revision #5. Effective date: January 14, 2008

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I. Purpose and Scope

A. Purpose.

The purpose of this policy is twofold:

1. To establish criteria for the selection and/or retention of commercial banks providing banking services to the university, and
2. To prescribe requirements relating to the acquisition of new banking services and creation of new accounts

B. Scope.

[reserved]

II. Definitions

The following definitions apply for the limited purposes of this policy and any associated regulations.

- A. Principal bank shall mean the primary commercial bank selected by the university to provide banking services. All university funds will be deposited to this bank, except for funds that may require separate investment and/or certain other minor funds. The principal bank must be a qualified depository as defined by the State Money Management Act.
- B. Depository bank(s) shall mean a commercial bank(s) selected by the university to provide banking services for funds separately invested and/or other minor funds. 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 (i.e. imprest account) which are more practically maintained in a bank other than the university's principal or other depository bank.

III. Policy

A. Deposits

1. All university funds shall be promptly deposited in and maintained with the university's principal or other selected depository bank(s) as defined by Utah State Code sections 51-4-1 and 51-4-2 except for:

- a. Funds that may be separately invested in accordance with the University Investment Policy (Policy 3-050)
 - b. Minor funds deposited with approved depository banks
 - c. Approved change funds and petty cash funds which are held by university operating entities in accordance with established Procedures
2. All university funds must be deposited within three banking days of receipt

B. Bank Accounts

1. University bank accounts, including both demand deposit and savings accounts, may not be established for any university office, department, division, entity, or individual without the written recommendation by the President or the Vice President for Administrative Services and by approval of the University of Utah Board of Trustees.
2. Departments, divisions, entities, and individuals affiliated with the University (including student or athletic organizations) are prohibited from establishing bank accounts using the University of Utah's name, seal and/or taxpayer identification numbers.
3. Conducting university business utilizing any bank services not established in accordance with this policy is also prohibited.
4. 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 for banking services relations. With approval of the President, the Vice President for Administrative Services may delegate in writing signature authority to other university officers.
5. 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 to conduct normal banking services relations with contracted bank(s) on departmental, and/or

institutional, and/or any imprest bank accounts. Such departmental, and/or institutional and/or imprest bank accounts must be authorized by the Board of Trustees.

C. Eligibility to Provide Banking Services to the University

1. Minimum Requirements

In order for a financial institution to be eligible for selection to provide banking services to the university, all of the following minimum qualifications must be satisfied:

- a. It must maintain a branch office within the Salt Lake City metropolitan area and, nationally, offices capable of providing all ordinary commercial banking services. The university may also require investment and financing assistance and advice as may be needed.
- b. It must be incorporated under the laws of the State of Utah or within the United States.
- c. It must be qualified to receive public funds as determined by the Utah Department of Financial Institutions, State Money Management Act, and the Rules of the State Money Management Council.

2. Principal Bank

The university's principal bank shall be selected through the banking services procurement process or retained after an evaluation review as described in the Procedures for Selection or Retention of a Provider for Banking Services; and based upon the bank's ability, willingness, and cost effectiveness to meet the needs of the university's requirements for banking services. Upon such selection the Vice President for Administrative Services shall forward to the President who shall submit a recommendation to the Board of Trustees for approval.

3. Depository Bank(s)

Other depository banks may be selected through the banking services procurement process or retained after an evaluation review as described above; and based upon the bank's ability, willingness, and cost effectiveness to meet the needs of university's requirements for banking services. Upon such selection the Vice President for Administrative Services shall forward to the President who shall submit a recommendation to the Board of Trustees for approval.

4. Service Capabilities

Selection of a principal bank or any other depository bank(s) from among those banks that satisfy the eligibility requirements set forth herein shall be based upon an objective comparative evaluation of the commitment and cost effectiveness of such banks to perform commercial banking services as needed by the university. This would include their ability to be current and to adapt to the prevailing acceptable banking services and technology practices within the banking industry. Such prevailing and ongoing banking services shall be set forth within an agreement or ongoing agreements between the university and the selected bank(s).

D. Reconciliation of Bank Statement Balances

The responsibility for reconciling the monthly bank statement balances shall be delegated to an individual(s) independent of all receipting, disbursing, and other accounting functions. The reconciliation shall be reviewed and approved by the university's controller or the university controller's designee.

E. Merchant Bank Card Services

Departments of the university providing services for which costs are assessed, 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 Income Accounting. Income Accounting shall coordinate the establishment of the requested account with the

university's applicable vendor for both point-of-sale and e-commerce activities.

F. Electronic Check Services

Departments choosing to accept e-check transactions over the internet must work with Income Accounting to establish this process. Income Accounting will coordinate the establishment of the requested account with the university's applicable vendor.

IV. Procedures for Selection or Retention of a Provider for Banking Services

A. Evaluation Process

1. Based upon the Utah Board of Higher Education Policy, R543-3.2, the university shall conduct at least every six years an internal evaluation of the banking services provided by its current primary (or other depositories) bank to determine that the service capabilities and cost of services remain competitive. If the university determines that the service capabilities and/or the cost of services provided by its current primary (or other depositories) bank may not be competitive or for any other reason as determined by the university, requests for proposal should be solicited from banking institutions meeting (a) the requirements of the State Money Management Act, (b) the specific criteria established by the university and (c) the requirements set forth in this policy.

B. Service Fees

1. Should the university seek a request for proposal for banking services, interested and eligible banks will be requested to submit a schedule of fees per requested banking services which will be charged to service the university's then current accounts. 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. New services and fee structures may also be submitted at this time.

2. Should the university retain the current bank(s) providing banking services, the university will negotiate a benchmark (i.e. CPI) as to determine an equitable way to adjust any cost increases.

C. Selection Process for New Banking Services Provider

1. 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 and/or any other depository bank(s). 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 (i.e. costs of conversion) 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 and/or other depository bank(s), 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 the principal and/or any other depository bank(s) providing banking services to the university at any time, if such termination is determined to be in the best interest of the university and if the current contract provides for an intermediate termination clause.
2. If both parties agree to terminate the current banking services relationship, or if either party independently decides to terminate the banking services relationship, or if through the evaluation process it is determined to terminate the current agreement with the principal or any other depository bank, 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, as set forth herein. Upon the evaluation conclusion, the Vice President of Administrative Services will recommend to the President for submission to the Board of Trustees approval for a new provider(s) of banking services as needed.

Sections V- VIII are for user information and are not subject to the approval of the Academic Senate or the Board of Trustees. The Institutional Policy Committee, the Policy Owner, or the Policy Officer may update these sections at any time.

V. Policies/ Rules, Procedures, Guidelines, Forms and other Related Resources

- A. Policies/ Rules. [*reserved*]
- B. Procedures, Guidelines, and Forms. [*reserved*]
- C. Other Related Resources. [*reserved*]

VI. References

- A. Utah Code Title 51, Chapter 7, State Money Management Act
- B. Utah Administrative Rule R628, Money Management Council
- C. Utah Board of Higher Education Policy R543
- D. Policy 3-050: University of Utah Investment Policies
- E. Policy 1-006: Individual Financial Conflict of Interest Policy

VII. Contacts

The designated contact officials for this Regulation are

- A. Policy Owner(s) (primary contact person for questions and advice): Chief Investment Officer and Associate Vice President for Financial and Business Services
- B. Policy Officer(s): Chief Financial Officer

See Rule 1-001 for information about the roles and authority of policy owners and policy officers.

VIII. History

Revision History.

A. Current version. Revision 5.

1. Approved by Board of Trustees January 14, 2008, with effective date of January 14, 2008.
2. Editorial Revisions
 - a. Editorially revised October 24, 2022 to move to current regulations template, replace references to the Board of Regents with references to the Utah Board of Higher Education, and to replace gender-specific pronouns.

B. Previous versions.

1. Revision 4. Effective January 12, 1996.

C. Renumbering

1. Renumbered from Policy and Procedures Manual 3-4