

**GRAYS HARBOR COLLEGE**  
**Administrative Procedure**

**Subject: CASH MANAGEMENT**

**Administrative Procedure Number: 504.01**

**Date adopted: 7/2/79 Revised: 1/15/90, 1/17/95, 3/02/01, 4/25/06, 3/20/2020**

This administrative procedure is intended to serve as a guide for the management of the cash balances of Grays Harbor College. The primary goal is to maintain sufficient cash balances to process payments; the secondary goal is to see that funds do not lie idle when safe and appropriate term investment opportunities are available. To that intent:

1. Investment of excess short-term cash balances are to be managed by the Controller under the direct supervision of the Vice President for Administrative Services.
2. All institutional cash shall be pooled in one account.
3. All "payments due" shall be processed as soon as possible. Payments are not to be delayed for the purpose of retaining a cash balance level.
4. A sufficient cash account balance is to be maintained at all times to insure prompt payment of all obligations, to take advantage of available cash discounts, and to avoid the issuance of checks not backed by an adequate account balance.
5. Any earnings on investments of excess short-term balances shall be attributed back to the funds from which the investment pool was established in proportion to the amount that each fund contributed to the pool.
  - a. The estimate of the contribution of each fund to the invested amount will be determined by computing the average monthly cash balance of each fund for the three preceding months.
  - b. Interest earnings shall be distributed to the affected funds each quarter.
  - c. If a particular fund shows a temporary deficit balance for the quarter, that fund will be charged an interest rate, with the cost to be distributed to the other funds that is equal to the current percentage that is being applied to the distribution of the interest earnings pool.
  - d. In distributing interest earnings, the method described shall apply to all funds. That is, all funds will be treated in a like manner with all institutional cash and investments being recorded in pooled cash, Fund 841.
6. Interest earnings received into any fund may be expended from that fund in the same manner as is other general revenue received into that fund.
7. Investments of short-term excess cash balances will normally be in highly liquid, secure, short-term investments. However, any legitimate form of investment may be utilized when approved by the president.
8. Normally, investments will be processed through the services of the commercial bank which is currently the custodian of the demand deposits of the college.
9. The Controller will review the cash balance of the institutional account on a daily basis and will adjust demand deposits and short-term investments to conform to the above guidelines.
10. The status of the institutional investment process will continually be reviewed for consideration of improved procedures or more attractive investments.