

Sul Ross State University
Business Process Analysis – Finance Module

Process Name: BPA Fin – Investment Purchases and Decisions

Date: October 12, 2005

Time: 8:30

Location: UC President Conference Room

Participants: Cesario Valenzuela, Laura Lannom, Nieves Kolesar, Tanya Romero

Session Lead: Laura Lannom, Visio; Tanya Romero, Narrative

Narrative/Description: Texpool: Texpool is income that is not currently needed for operating expenses and can be invested until needs arise. Decision - is there a specific sum of money that needs to be invested (e.g. matured investment)? If the answer is yes, the VPBA office notifies Controller to make the deposit to Texpool. Controller then makes bank wire transfers to Texpool and notifies Texpool of pending deposit. If the answer is no, the local bank account is reviewed for excess or insufficient fund balances. If the account has excess funds, Controller makes bank wire transfer to Texpool and notifies them of pending deposit. If the bank account has insufficient funds, Controller makes bank wire transfer from Texpool. At month-end Controller allocates net Texpool activity based on available cash balances by fund group and posts JE. Accountant prepares monthly reconciliation of Texpool account and prepares reconciling entries.

Other Investments: VPBA decides whether there is a need to move from ST investment (Texpool) to LT investment. VPBA sets parameters for investments (term, amount) based on Approved investment policies. VPBA, Administrative Assistant makes contact with the established list of approved brokers and provides them with the parameters. Brokers respond with offers by fax or e-mail. VPBA Administrative Assistant narrows list of offers to those that meet specified parameters. VPBA develops recommended purchases for review. VPBA and VPAS review and agree on purchases (rules require approval by both investment managers). VPBA Administrative Assistant contacts brokers with final offers. VPBA Administrative Assistant prepares letter to broker confirming purchase and wiring instructions to safekeeping company. VPBA Administrative Assistant prepares memo to Controller with purchase information and wiring instructions. Controller will determine, upon receipt of memo if funding is available in local bank account to cover purchase. If there are sufficient funds, Controller wires money to safekeeping company to cover purchase. If there are not sufficient funds Controller will make a bank wire transfer from Texpool to cover purchase. The safekeeping company works with the broker to obtain security and process purchase. The safekeeping company provides confirmation of purchase to VPBA office. VPBA Administrative Assistant prepares investment ledger file for each purchase. On a monthly basis VPBA Administrative Assistant prepares monthly JE to record payments, interest, maturities, purchases, reconciles entries to FRS, and updates portfolio. Monthly JE's and reconciliations are reviewed by VPBA. JE's are sent to Controller for approval and posting to FRS. VPBA Administrative Assistant prepares TSUS required quarterly investment reports. VPBA and VPAS review and approve quarterly investment reports. Once approved, reports are mailed to TSUS and posted to SRSU web-site. VPBA prepares annual fair market value report.

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Electronic Inputs: Wire transfers (banking web features), e-mail from brokers

Manual/Paper Inputs: Faxes and e-mail from brokers and safekeeping company, bank statements.

Key Decision Points (list all): Available funds in local bank account. Change in investment needs (term, type, etc).

Related Policy(s): Public Funds Investment Act, TSUS Investment Policies, SRSU Investment Policies.

Interface to Other Systems: ImageNow (JE's)

Web Features: Investment Polices and Quarterly Investment Reports, On-line banking transfers, and Texpool inquiry and transaction

Electronic Outputs: Investment ledgers, year-end spreadsheets.

Manual/Paper Outputs: JE's, investment files, bank reconciliation.

Customer(s): Brokers, donors, students, SRSU.

Regulatory Items: Public Funds Investment Act, TSUS Investment Policies, SRSU Investment Policies.

Frequency/Volume: Texpool decisions once daily; reconciliations monthly; approximately 17 reports due during the year.

Potential Break Points: Market performance, data entry errors, failure to notify bank of needed wire transfers.

Automation: None

Issues: Need to record Texpool activity daily instead of monthly (difficult to do now because we do not have daily cash balance by fund)? Need to record FMV adjustments more frequently and to specific endowments in an effort to capture true value of endowments (difficult to do in current system).