

San Mateo County Community College District Investment Procedures

Procedure: Investment Procedures

Position Responsible:

Investment Committee - Chief Financial Officer, Controller and Accounting Analyst
Internal Control – Compliance Officer
Approval – Executive Vice Chancellor

Dates Procedure Performed: As required

Documentation Required: Interest rate survey report, investment contracts, investment statement

Resources Required: None

Outside Training Required: None

Deliverables: Wire transfers out and transfers in

Supervisor Responsible: Executive Vice Chancellor

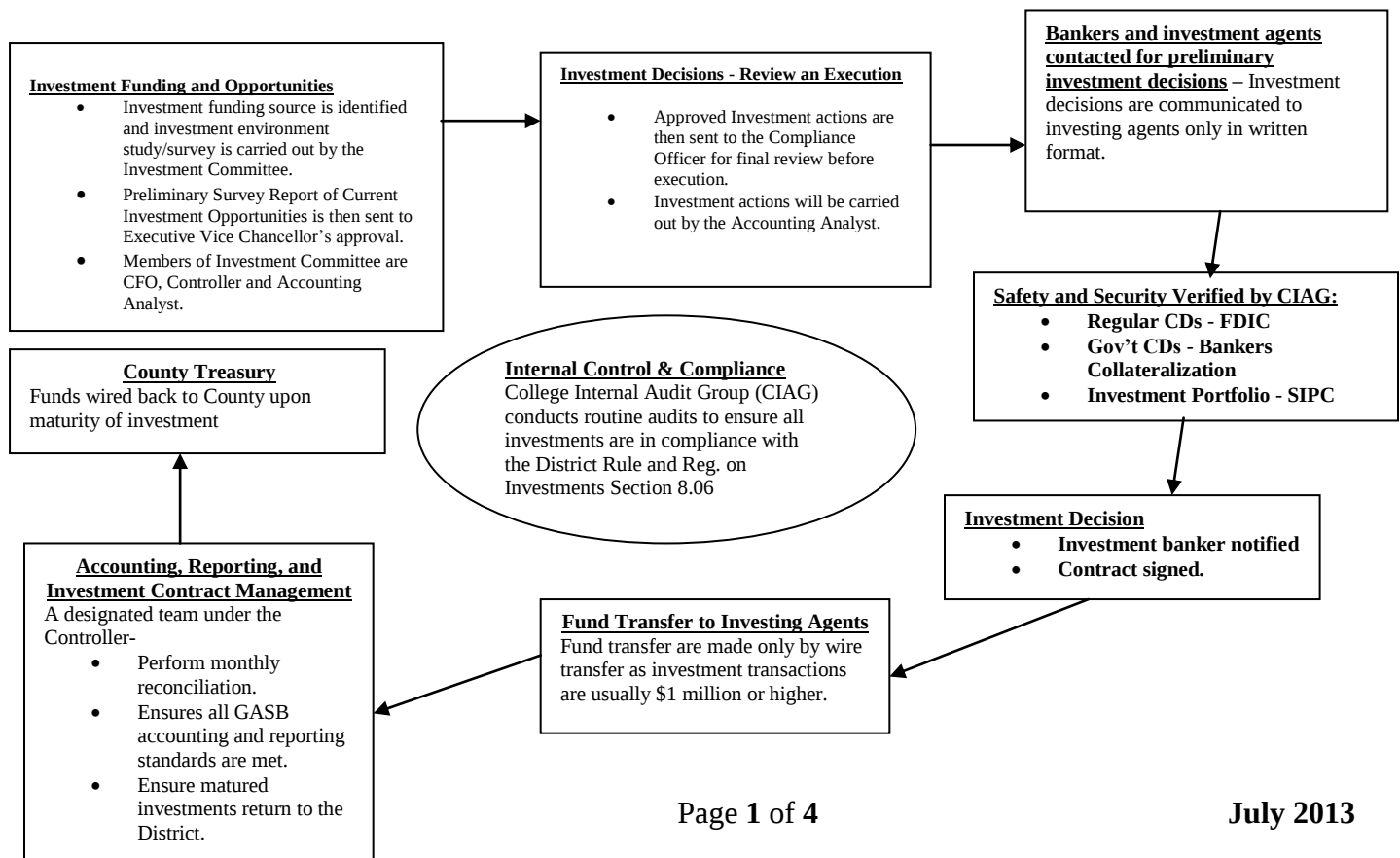
Evidence of Completion Required: Investment market survey report, Investment Contract, Monthly Investment Statement, Certificate of Deposits

Applicable Board Policies: [SMCCCD Rules and Regulation section 8.06](#)

Applicable Laws and Regulations:

- California Government Code [Section 53600.6](#) (Solvency and creditworthiness), see Appendix A

The Investment Cycle



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Investment Objectives and Guidance Rules

The primary investment objectives, in priority order, shall be:

- Safety;
- Liquidity;
- Return on investment.

Targeted at the investment objectives listed above, and with approval from the Executive Vice Chancellor, the District Investment Committee lead by the Chief Financial Officer are responsible for investing the funds of the District that are not required for the immediate needs of the District. Funds so invested shall follow the [investment policy# 8.06](#) approved by the Board of Trustees in accordance with the Government Code Sections cited above and the detail investment management procedures below.

Investment Management

Both short term and long term cash flow planning are carried out by the Investment Committee on an ongoing basis, once excess cash funds are identified, the committee will invest the excessive funds in the following order:

****Due to the nature and big amounts of investment transactions, the following due diligence process must be straightly followed****

Approval process (Separation of duties, check & balance, and full documentation) -

1. When excessive funds are identified for investment, the Investment Committee conducts preliminary investment environment study/survey.
2. Bankers and investment agents are invited to submit quote and proposals.
3. Quotes and proposals are jointly reviewed by the CFO and the Controller.
4. Quotes and proposals are then sent to the Executive Vice Chancellor for approval.
5. Approved investment decisions are forwarded to Accounting Analyst for execution.
6. Accounting Analyst prepares with investing agents on documents and new accounts processing.
7. All new account documents are sent to Compliance Officer for review before execution.
8. The Compliance Officer is the designated staff to process investment wire transfer documents.

Investment Account Opening Process-

1. New Account

- a) Upon receipt of official investment decisions, the Accounting Analyst will contact the bankers/investment agents to open/renew investment account(s).
- b) Safety and security validation – the following insurance and security confirmations must be obtained before opening/renewing of account(s)-
 - FDIC insurance for regular CDs
 - Collateral letter for governmental CDs
 - SIPC insurance confirmation for investment portfolios.
- c) Investment contracts must be signed by the EVC or another administrator who is not a member of the Investment Committee.
- d) Executed investment documents are then archived in the GA Intranet permanently.
- e) The new account information is updated to the District-wide Investment Master List. All key investment data included maturity dates are recorded for ongoing monitoring purposes.

2. Wire instructions

- a) Wire instructions to invest must be initiated by the Compliance Officer.
- b) The Chief Financial Officer signs wire instructions.

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- c) Signed wire-transfers are forwarded to the County Controller for final approval and execution by the County Treasury.

Investment Account Closure/Retirement Process

The internal control principles that apply to new/renewal of investments also apply to the closure/retirement of investments.

Performance Steps:

1. The Accounting Analyst monitors the maturity date of all investment accounts on an ongoing basis.
2. Two weeks before the maturity date, the Accounting Analyst sends request to the Compliance Officer.
3. The Compliance Officer initiates account closure notification and wire-in instruction for CFO's approval.
4. The Compliance Officer sends notifications and wire instruction to investment agent, and follows up arrival of funds and closing statements.
5. The Compliance Officer sends all closure information to investment committee for their records.

Accounting, Reporting and Reconciliation of Investment Activities –

Under the supervision of the Controller-

1. The GL/bank reconciliation team (Accountant/Accounting Analyst and Senior Accounting Technician – subject to periodical rotation) –
 - Performs monthly reconciliation of all investment accounts.
 - Ensures all GASB reporting requirements are adhered – Mark to Market value are adjusted at the end of each reporting cycle.
 - A master investment schedule/table under the [GA Intranet](#) is continuously updated and monitored for cash flow planning and audit purposes.
2. The Accounting Analyst –
 - Monitors the maturity dates of all investments and continuously update the CFO and the Controller for cash flow planning.
 - Will ensure all investment funds are returned to the District upon maturity of contracts.

Internal Control, Audit and Compliance Check

The College Internal Audit Group (CIAG) lead by the Compliance Officer conducts routine audits to ensure all investment activities are in compliance with the [SMCCCD Rules and Regulation section 8.06](#)

Scope and purpose of Internal audit

1. Scope - All surplus funds from the Districts, Auxiliary and Enterprise Funds
2. Compliance checks
 - a. Safety, liquidity and return.
 - b. GASB accounting and reporting standards

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Appendix A - California Government Code [Section 53600.6](#) (Solvency and creditworthiness)

Excerpt from <http://www.leginfo.ca.gov> [Section 53600.6](#)

53600.6. The Legislature hereby finds that the solvency and creditworthiness of each individual local agency can impact the solvency and creditworthiness of the state and other local agencies within the state. Therefore, to protect the solvency and creditworthiness of the state and all of its political subdivisions, the Legislature hereby declares that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern.