

WALLA WALLA COMMUNITY COLLEGE
INVESTMENTS
ADMINISTRATIVE POLICY 4300

Authority to manage the College's investment program is derived from Chapter 39.58 RCW for Washington State Government entities. It is the policy of the College to invest public funds in a manner which will provide maximum security with the highest investment return while meeting the daily cash flow demands of the College and conforming to all state and local statutes governing the investment of public funds.

Scope

This investment policy applies to all financial assets of the College and shall include the following:

- General Funds
- Special Revenue Funds
- Internal Service Funds
- Enterprise Funds
- Trust/Agency Funds

Prudence

Investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "**prudent person**" standard, as defined by RCW 43.250.040, and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Objective

The primary objectives, in priority order, of the College's investment activities shall be:

Safety: Safety of the principal is the foremost objective of the investment program. Investments of the College shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity: The College's investment portfolio will remain sufficiently liquid to enable the College to meet all operating requirements, which might be reasonably anticipated.

Yield: The College's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the College's investment risk constraints and the cash flow characteristics of the portfolio.

Delegation of Authority

Authority to manage the College's investment program is derived from the College Board of Trustees policy on delegation of authority to the President who has hereby delegated that authority to the Vice President for Financial Services, who shall establish written procedures for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Vice President of Financial Services.

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial decisions.

Authorized Financial Dealers and Institutions

The State Treasurer maintains a list of broker/dealers and financial institutions authorized to provide investment services. Authorized broker/dealers and financial institutions will be limited to those that meet one or more of the following:

- Financial institutions approved by the Washington Public Deposit Protection Commission (RCW 39.58); or,
- Primary dealers recognized by the Federal Reserve Bank; or,
- Non-primary dealers qualified under U.S. Securities and Exchange Commission Rule 15C-3-1, the Uniform Net Capital Rule.

Authorized and Suitable Investments

Eligible investments are only those securities and deposits authorized by statute (RCW 36.29.020 and 43.84.808). Eligible investments include:

- Certificates, notes, bonds or other obligations backed by the full faith and credit of the U.S. Government
- Certificates of deposit issued by qualified public depositories of the State of Washington
- Bankers acceptances
- Washington State Treasurer's "Local Government Investment Pool" (LGIP)
- Investment pools managed by qualified public depositories when investments of the pool consist entirely of qualified federal government securities.

Safekeeping and Custody

All security transactions entered into by the College shall be conducted on a delivery-versus-payment (DVP) basis. Securities purchased by the entity will be delivered against payment and held in a custodial safekeeping account with the trust department of a bank. The trust department of a bank, a third party custodian, will be designated by the Vice President for Financial Services and all transactions will be evidenced by safekeeping receipts.

Diversification

The College will diversify its investments by security type and institution. With the exception of US Treasury securities and authorized pools, no more than 50% of the College's total investment portfolio will be invested in a single security type or with a single financial institution.

Internal Controls

The College will maintain internal controls to protect against the loss of public funds arising from negligence, theft or misuse. These controls will include, but not be limited to:

- The use of third party custody and safekeeping;
- The execution of all securities transactions on a delivery-versus-payment (DVP) basis;
- The clear delegation of investment authority;
- The separation of transaction authority from record keeping;
- The use of objective criteria in selecting financial institutions and dealers authorized to provide investment services to the state;
- The use of objective criteria in awarding investment purchases and sales to authorized financial institutions and dealers; and
- The state auditor will “audit the accounts” and “inspect the books” to determine the compliance of investment activities with state statutes and this policy.

Performance Standards

The investment portfolio will be designed to obtain an average rate of return which meets or exceeds the rate paid by the Local Government Investment Pool. This performance standard shall take into account the College's investment risk constraints and cash flow needs

Policy Contact: <u>VP of Administrative Services</u>
Approved by (Department/Body): <u>WWCC Board of Trustees</u>
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