

Interim Operating Advances

FIN-TRE-VI-60



About This Policy

Effective Date:

08-01-1996

Last Updated:

11-18-2016

Responsible University Office:

Financial Management Services, Office of the Treasurer

Responsible University Administrator:

Vice President and Chief Financial Officer

Policy Contact:

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Scope

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Scope

All Indiana University units and employees.

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Policy Statement

The University will make interim operating advances available to departments in the Auxiliary Enterprise fund group in instances where a department temporarily overdraws available cash from its organization in connection with its normal activities, subject to the financing terms and conditions noted below.

Financing Terms

Departments in the Auxiliary Enterprises fund group will be charged interest at a rate equal to the monthly university operating cash portfolio earnings rate. The total interest charge will be computed on the account's monthly average cash overdraft balance, for the current and previous month, as measured at the end of the month. The rate will be increased if the following conditions exist:

1. Size of overdraft continues to increase, month after month.
2. No remedy for the overdraft is provided to the Treasurer.

Departmental Responsibility to Correct Overdrafts

Auxiliary Enterprise organizations which are in a cash overdraft position for six or more consecutive months are required to submit a written plan of resolution to the appropriate vice president or chancellor. The plan should identify the original cause of the overdraft, the actions to be taken to reduce the overdraft, and must specify a projected date by which the overdraft will be eliminated.

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Reason For Policy

To provide a low cost financing alternative for departments in the Auxiliary Enterprise fund group, from time to time, require additional cash for operations, in a manner that does not detract from overall university cash portfolio investment performance objectives.

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History

This policy was established on August 1, 2006.

Revised to add scope November 2016.