

## R543, Commercial Banking Services<sup>1</sup>

**R543-1 Purpose:** To establish policies and criteria for the selection and retention of commercial banking services at for all USHE institutions.<sup>2</sup>

### R543-2 References

**2.1** Utah Code § 53B-7-101(9), Combined Requests for Appropriations

**2.2** Utah Code § 63G-6a-(1204), Multiyear contracts

### R543-3 General Policies

**3.1 Deposits:** USHE institutions shall deposit funds into depositories as outlined by the requirements of the State Money Management Act (*see Utah Code Title 51, Chapter 7*) and the Rules of the State Money Management Council (*see Utah Administrative Code R628*). Institutions may use separate accounts as appropriate to facilitate their daily operations per their banking policies as approved by their Boards of Trustees.

**3.2 Institutional Policy:** Each institutional Board of Trustees shall establish criteria for the selection and/or retention of commercial depositories providing banking services to their institution, and to prescribe requirements relating to the acquisition of new banking services and creation of new accounts. Policies should be structured to provide latitude and authority for those responsible to conduct daily operations that comply with the State Money Management Act, the Rules of the State Money Management Council, and this Board of Higher Education policy.

**3.3 Requests for Proposal (RFP's):** Institutions shall conduct at least every five years an internal evaluation of the banking services provided by their primary depository and any other depositories pursuant to Utah Code section 63G-6a-1204, *Multiyear Contracts* to determine if the service capabilities and costs of service remain competitive and sufficient. If an institution determines that the service capabilities and/or the cost of service provided by its service providers may not be competitive or for any other reason as determined by the institution, it may seek requests for proposal (RFP's) only from banking service providers that meet (a) the requirements of the State Money Management Act and the rules of the State Money

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<sup>1</sup> Adopted May 20, 1980; amended September 12, 1996, and May 16, 2014.

<sup>2</sup> Technical edits November 1, 2024.

Management Council, (b) the specific criteria established by the institution and (c) the requirements set forth in this policy.

**3.4 Fee for Service:** Banks shall be compensated on a fee basis for services.

**3.5 Investment Services:** Services for the investment of institutional operating funds, shall meet the requirements of the State Money Management Act and the Rules of the State Money Management Council.

#### **R543-4 Criteria for Selection and Retention of Banking Services Providers**

**4.1 Primary Criteria:** The primary criteria for depository selection and retention shall be its ability to provide the required banking services and/or short-term investment services at a reasonable cost and/or competitive rates to the institution.

**4.2 Minimum Requirements:** In order to be eligible to be selected or retained to provide an institution's primary banking services, a depository should satisfy the following minimum qualifications:

**4.2.1** It must qualify to receive public funds under the laws of the State Money Management Act and the Rules of the State Money Management Council.

**4.2.2** The depository selected must maintain an office readily accessible to the institution with the capability of providing all normal commercial banking services.

**4.2.3** Funds deposited should be held in a FDIC or NCUA insured account or:

**4.2.4** For daily balances greater than the FDIC or NCUA insurance limits, the depository is registered with the Department of Financial Institutions as being qualified to receive public funds that would be uninsured.

**4.2.5** In compliance with R543.3, when considering retention, the cost of services provided by the depository shall be competitive with costs charged by other service providers for similar services. Anticipated costs of conversion associated with changing from one depository to another depository shall be a factor in determining cost competitiveness.

**4.3 Service Capabilities:** It is recognized that the institutions within USHE will have varying needs for banking services as offered by depository institutions. Service capability requirements should be set forth in their policies and approved by their respective Boards of Trustees.