# FIN-025 Internal Interest Program

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**Status** Final

**Last Revised** Friday, July 17, 2026

**Policy Type** University

**Contact Office** Treasurer (Office of the)

**Oversight Executive**
Vice President and Chief Financial Officer

**Applies To** Academic Division, the Medical Center, and the College at Wise.

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## Reason for Policy

The policy establishes guidelines regarding the internal investment options available to selected University units holding reserves and other investable balances that will not be used for at least twelve months.

## Definition of Terms

### Fund Balance

**Description**

A school’s or unit’s available cumulative net position, inclusive of operating surplus/deficit and any carryforward. Fund balances appear in the general ledger and may also be referred to as "Expendable Fund Balances." Fiscal year-end fund balances only include actuals; any other time throughout the year, fund balances include all obligations and commitments (what is expendable).

### Actuals

**Description** Transactions that are posted against the Actuals Ledger in the University's Finance System.

### Carryforward

**Description** In-year fund surpluses or deficits which can be carried over from one fiscal year to the next.

### Fund Deficit

**Description** Any fund balance that is in a deficit as of fiscal year-end.

### Internal Bank

**Description**

Mechanism established by the Office of the Treasurer through which treasury services are provided to the University's units. These services include loans, investments, and commercial banking services.

### University Units

**Description** Schools and departments within the University.

**Policy Statement**

University units may not invest fund balances directly with banks, financial institutions, or University-Associated Organizations (UAOs). (See policy FIN-020: Establishing and Managing Bank, ATMs, and Other Financial Institution Accounts for University Funds.)

Certain University units holding surplus fund balances may invest those funds, at the major business unit (MBU)-level, with the University's internal bank provided the guidelines of the policy are met.

Treasury Management oversees the investment pool to assess compliance with the minimum balance and term requirements, as well as monitor for fund deficits. At fiscal year-end, all fund balances at the MBU-level should have a balance of zero or greater, not including the MBU's Internal Interest Program (IIP) investment balance.

I. **Pool Structure:**
   The Internal Investment Program consists of a short-term investment pool with a minimum term of one fiscal year and a minimum balance of $1,000,000.
II. **Trading Window:**
   Investments and divestments in the IIP can be made during the first 10 calendar days of July.

III. **Permitted Pool Investors:**
   Funds can be invested in the IIP at the MBU-level by the following units:

| Unit | Balances Eligible |
|---|---|
| Self-supporting Auxiliaries | Reserve Balances over $1,000,000 |

| Unit | Balances Eligible |
|---|---|
| Office of Sponsored Programs | Grant Funds Required by Grantor to Be Invested |
| Medical Center | Reserve Balances over $1,000,000 |

IV. **Prohibited Pool Investors:**
The following MBUs are not eligible to invest in the IIP:
- MBUs receiving central support for operations (unless the MBU has separate auxiliary funds to invest).
- MBUs carrying an internal loan originating from a fund deficit at fiscal year-end (unless the MBU has separate auxiliary funds to invest).

V. **Minimum Balance Requirements:**
The minimum balance requirement represents the minimum amount to be invested during the fiscal year. With the exception of grant funds required by grantor to be invested, funds are not permitted to be moved in or out of the pool throughout the year.

VI. **Minimum Term Requirements:**
Minimum term requirements represent the amount of time an investment, which meets the pool's minimum balance requirement, must be retained in the pool.

VII. **IIP Compliance Monitoring:**
Treasury Management will track the following items to monitor compliance with the Program's guidelines:
A. Minimum Balance – At the end of each month, Treasury Management will review the daily balances for each investment in the Program to determine if any balance failed to meet the minimum balance requirement.
B. Minimum Term Requirements – At the end of each month, Treasury Management will monitor the daily balances for investments in the Program to determine if funds have been invested in the Program for the required term.
C. Negative Cash Balances – At fiscal year-end, Treasury Management will review the MBU-level fund balances to determine if deficits exist. An MBU's investment in the IIP will be divested to cover any fund deficits a fiscal year-end. Interest will not be paid on the divested amount for the year.

VIII. **Interest Rates and Earnings:**
Interest rates offered under the Program will be market-based rates. The rate for the pool will be set at the beginning of each fiscal year. Interest earned will be paid by late June of each year based on the fiscal year's balances in the program.

IX. **Advance Notification Requirements:**
University units investing or redeeming aggregate funds in excess of $10 million are required to provide written notification to Treasury Management at least 60 days in advance of the annual July trading window. Treasury Management will make a best-efforts attempt to meet the University unit's request in a timely manner. Treasury Management does not guarantee the preservation of principal invested in the program; however, it does make all attempts to insulate investors from earnings volatility and periods of negative return.

X. **Making an Investment:**
Investments can be made within the first 10 calendar days of July. If University units anticipate having a

stable fund balance for at least five years, they may wish to consider creating a quasi-endowment account (see policy FIN-026: Creating and Managing Quasi-Endowment Accounts) after considering the risks inherent in longer-term investments.

XI. **Compliance with Policy:**
Failure to comply with the requirements of this policy may result in disciplinary action up to and including termination in accordance with relevant University policies.

Direct questions about this policy to the Office of the Treasurer.

**Related Information**

FIN-020: Establishing and Managing Bank, ATMs, and Other Financial Institution Accounts for University Funds
FIN-026: Creating and Managing Quasi-Endowment Accounts
FIN-033: Maintaining Fund Balances

**Major Category** Finance and Business Operations

**Next Scheduled Review** Tuesday, July 17, 2029

**Revision History**

Confirmed, updated CO 7/17/26; Revised 12/21/22; Added Compliance Section 12/16/21; Updated 1/1/18; Added award type 5/18/15; Updated 12/10/12, 1/25/10.

**Supercedes Policy Text**

Imputed Interest Program, Financial and Administrative Procedure 9-40.

**Approved By** Executive Vice President and Chief Operating Officer

**Approved Date** Friday, August 21, 2009