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OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

April 04, 2019

FINANCE MEMORANDUM

MEMO NO. 19-05

TO: All Department Heads

FROM: Roderick K. Becker
Director of Finance

SUBJECT: Participation of Federal Appropriation Accounts in the State Treasury Investment Pool System (TIP)

The State Treasury Investment Pool System (TIP) is a program authorized by Act 119, SLH 1998 that pools the State's cash resources to maximize investment returns and allocate earnings to each participating appropriation account. The purpose of this memorandum is to request that departments review the list of federal appropriation accounts that have been submitted to the Department of Budget and Finance for participation in TIP.

The attached FM 98-01 "Implementation of State Treasury Investment Pool System" established the policies and procedures to participate in TIP. The memorandum mentions the type of accounts that shall not qualify as participants in the investment pool, one of which is federal appropriation accounts unless the federal government requires the federal award represented by the account to earn interest.

The Treasury Management Branch (TMB), Financial Administration Division at the Department of Budget and Finance contacts departments annually to update the list of appropriation accounts that participate in TIP. Attached is the current list of participating accounts for departments that include federal accounts. Please review the list and let the TMB know by April 12, 2019 whether any of the federal appropriation accounts should be removed. Any interest already posted to a federal account that should not be a TIP participant will be returned to the State's general fund by the TMB.

Thereafter, effective this year, after the annual update of participating accounts is completed by TMB, the Office of Federal Awards Management (OFAM) will review the federal appropriation accounts included on the list to verify whether the federal award represented by the account is authorized by federal statute, agency regulation or guidance to earn and utilize interest income.

Should you have any questions, please contact Mr. Mark K. Anderson, OFAM Administrator at (808) 586-3035 or at mark.k.anderson@hawaii.gov.

c: Curt Otaguro, Comptroller, Department of Accounting and General Services
Mark Anderson, OFAM Administrator, Department of Budget and Finance
Department of Budget and Finance, Financial Adm Div., Treasury Management Branch

attachments

BENJAMIN J. CAYETANO
GOVERNOR



RECEIVED

EARL I. ANZAI
DIRECTOR
NEAL MIYAHIRA
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII PUBLIC EMPLOYEES HEALTH FUND

OFFICE OF THE PUBLIC DEFENDER
PUBLIC UTILITIES COMMISSION

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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION

November 12, 1998

FINANCE MEMORANDUM

MEMO NO. 98-01

TO: All Department Heads

FROM: E. I. Anzai
Director of Finance

SUBJECT: Implementation of State Treasury Investment Pool System

The purpose of this memorandum is to establish policies and procedures for participation in the State Treasury Investment Pool.

Legal Reference

Act 119, Session Laws of Hawaii 1998, authorizes the State Treasury to allocate investment (interest) earnings to the respective general, special, bond and trust funds when these funds are participants of the Treasury investment pool. The investment pool system will centralize all phases of the investment process under the direction of the Director of Finance, thereby pooling the State's cash resources to maximize investment returns. Other departments and agencies will no longer be required to initiate the investment of their appropriated funds.

Background

The Departments of Budget and Finance (DB&F), Accounting and General Services, and Transportation are in the process of developing an investment system that will allocate investment earnings to each appropriation account participating in the investment pool. Investment earnings will be distributed monthly on the basis of the average weighted cash balance of each qualified appropriation account. The Department of Accounting and General Services will provide the average cash balance information from the Financial Accounting and Management Information System. Contingent upon completion of the centralized investment system to allocate earnings, the investment pool system is scheduled for implementation during this fiscal year.

The investment pool system offers the following advantages to the departments and agencies:

1. Maximization of investment earnings due to centralization of the investment function and its impact over the length of maturity and the dollar size of each investment.
2. Investment of all funds within each appropriation account.
3. Elimination of the time-consuming burden of monitoring and forecasting cash requirements and taking investment action for each appropriation account.

Policy

Generally, all special fund appropriation accounts, with the exception of federal fund accounts, shall qualify for participation in the investment pool.

The following types of appropriation accounts shall not qualify as participants in the investment pool.

1. All general fund accounts.
2. All bond fund accounts. State agencies must take initiative to invest and track these funds due to Federal arbitrage regulations.
3. Trust fund accounts, unless the trust indenture or statutes require the account to earn interest.
4. Federal fund accounts, unless the Federal Government requires the account to earn interest. Federal fund accounts that are subject to the Cash Management Improvement Act (CMIA) are not eligible to participate in the pool.

With the exception of bond fund accounts, all appropriation accounts must participate in the investment pool to qualify for interest earnings. Departments or agencies may obtain an exemption from this requirement from the Director of Finance.

Participation Requirement

In order to successfully implement the system, appropriation accounts which qualify for participation in the investment pool must be identified. Accordingly, it is requested that departments and agencies identify appropriation accounts that qualify as participants in the investment pool. The list shall contain the following information (sample of listing attached):

First Column

Title or description of the appropriation account code.

Second Column

The account symbol of the participating appropriation account eligible for interest allocation:

- a. Fund code: One alpha character
- b. Year code: Two digit year code (Example: 99)
- c. Appropriation account code: Three digits
- d. Department code: One or two characters
- e. Division code (if any): One or two digits

Third Column

The account symbol of the appropriation account in which the investment earnings will be deposited. (Same format as second column.)

Please submit the list of appropriation accounts by November 30, 1998. The DB&F will review each of the listed accounts to determine its qualification to participate in the investment pool.

Your cooperation in this matter will be appreciated. Should you have further questions, please contact Mr. Stanley Tanak Funds Custody Manager, at 586-3119.

Attachment

Attachment

**APPROPRIATION ACCOUNTS
PARTICIPATING IN INVESTMENT POOL**

**DEPARTMENT OF TRANSPORTATION
HARBORS DIVISION**

DESCRIPTION OF ACCOUNT	ACCOUNT CODE	INTEREST ACCOUNT CODE
Harbors Special Fund	S-99-341-D-03	S-99-341-D-03
Honolulu Harbor	S-99-040-D-03	S-99-341-D-03
Harbors Administration	S-99-055-D-03	S-99-341-D-03
Harbors Interest Account, 1990 Certificate	S-99-348-D-03	S-99-341-D-03
Piers 36-38 Comm. Fish, Honolulu Harbor, Oahu-Con	S-98-605-D-03	S-99-341-D-03