



# ***FINANCIAL POLICIES AND PROCEDURES MANUAL***

## **PART 3: TREASURY MANAGEMENT**

Approved by Governing Authority 3<sup>rd</sup> October 2013

### **3. TREASURY POLICY**

#### **General**

- 3.1 Treasury Management comprises the management of all monies and capital market transactions in connection with the cash and funding resources of the university.
- 3.2 The university is committed to ensuring effective management of all funding from external sources and the investment of surplus cash balances of the university.
- 3.3 The Treasury Strategy undertaken by the university will have regard to:
  - The maintenance of a stable financial position for the university;
  - The need to ensure that the university has sufficient and appropriate resources available to it to meet both its long term and its planned short term funding requirements;
  - The current levels of short term and long term interest rates and
  - Relevant legislation and recommended accounting standards.

#### **Authority and Responsibility**

- 3.4 The Governing Authority is responsible for approving the treasury policy, setting out a strategy and policy for cash management, investments and borrowings. The Authority has a responsibility to ensure implementation, monitoring and review of such policies.
- 3.5 The Bursar has overall responsibility for the Treasury management function. The Financial Controller, under the direction of the Bursar is responsible for preparing treasury procedures including an appropriate reporting system, ensuring the adequacy of treasury management resources and skills and the effective division of responsibilities within the treasury management function.
- 3.6 The Financial Controller is responsible for reviewing the university's bank balances and overall position on a daily basis. In the absence of the Financial Controller, this task is delegated to the Head of Financial Operations.
- 3.7 Members of the Finance Accounting Team have responsibility for the preparation of monthly control accounts and bank reconciliations. These are subject to review by the Financial Controller or Head of Financial Operations.
- 3.8 The Governing Authority is entitled to seek information on the treasury operations of the university. The Bursar is responsible for responding to any such queries.
- 3.9 The treasury management function is subject to annual audit and verification by both the internal and external auditors and the Comptroller and Auditor General.

## **Banking Arrangements**

- 3.10 Bank mandates of the university are approved by the Governing Authority. Each bank mandate is signed off by the Chairperson and Secretary. Each bank used by the university is supplied with a list of officials authorised to sign as per the bank mandate signing instructions, together with their specimen signatures.
- 3.11 Opening or closing of a bank account for dealing with the university's funds shall only be done in accordance with the authorised bank mandate. All bank accounts shall be in the name of the university. No other division, department or section shall be empowered to operate a bank account relating to their or any other university activity. Similarly, no cheques or financial instruments made payable to the university shall be endorsed and credited to any other account.
- 3.12 The Financial Controller is responsible for liaising with the university's bankers in relation to the university's bank accounts and the issuance of cheques. All cheques shall be ordered on the authority of the Financial Controller, who shall make proper arrangements for their safe custody.
- 3.13 All cheques drawn on behalf of the university and all electronic transfers must be approved in the form provided for in the university's Bank Mandate.
- 3.14 There must be strict segregation of duties between those staff responsible for setting up payment transaction files and those staff responsible for checking and executing the on-line transfer instructions. Confirmation reports from the bank relating to transfer instructions received from the University must be checked back to the originating transaction reports by staff who were not involved in originating the transactions.
- 3.15 All bank balances are reviewed on a daily basis through the completion and control of the treasury management spreadsheet, documenting the daily balances on current, call and deposit accounts as well as detailing transfers between accounts and the total value of account balances and investments. Access to the spreadsheet is password protected and restricted to authorised personnel.
- 3.16 All bank accounts are reconciled on a monthly basis. The Financial Controller is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

## **Procedures for Deposit Accounts**

- 3.17 On a daily basis, the Financial Controller has responsibility to ensure that funds are allocated appropriately by anticipating daily cash flow requirements and to either fund the various current accounts if required, or place excess funds on deposit.
- 3.18 Where funds are being transferred, two authorised signatories are required for the transfer of funds and the corresponding letters are faxed/emailed to relevant banks. Original documents are provided where necessary.
- 3.19 Where there are excess resources, new deposits are obtained by seeking at least three quotes and taking the most appropriate (as decided upon using available rates and assessing the portfolio proportion existing at the time). Confirmations of deposits are sent by all banks and filed for verification and audit. Duration of deposits can range from 1 month to 9 months.
- 3.20 The University may keep funds on deposit with licensed banks. Funds of up to a maximum of 50% of the total portfolio can be placed on deposit with any one bank. The Financial Controller will keep interest rates under review and has the authority to move funds, subject to approved bank mandate sign-off, to any bank licensed in the Irish State if the commercial opportunity justifies such a movement. In depositing money in any bank, the Financial Controller is obliged to keep himself/herself informed about bank ratings from reputable rating agencies and to factor this knowledge into commercial opportunity evaluation.
- 3.21 Maturity dates are recorded and maintained by the Financial Controller. Maturities on the day are dealt with as follows:
- The maturity will be confirmed with the relevant bank;
  - Daily rates will be checked with at least two other banks where appropriate and
  - A decision will be made either to roll-over the maturity, use for cash flow or place the funds with another bank.
- 3.22 Where the funds are rolled-over, confirmation from the bank is maintained on the Treasury file. Where funds are transferred between bank accounts, approved transfer documents are authorised and maintained on the Treasury file.
- 3.23 Transactions are denoted daily on the daily cash sheets. The treasury management spreadsheet is updated on a monthly basis for accrued interest amounts. Deposit control accounts are prepared on a monthly basis by the Finance Administrator and approved by the Financial Controller on a monthly basis.
- 3.24 Confirmation of deposits received from the bank are compared to the deposit control account spreadsheet on a monthly basis and issues identified are queried by the Finance Administrator and the relevant bank.
- 3.25 On maturity, all deposit interest figures are calculated and verified with relevant banks. All queries in relation to any deposit interest calculation are clarified directly with the bank. The

financial system is updated on a monthly basis for interest received in the relevant month. Interest accruals are posted at the end of each financial year.

### **Borrowings**

- 3.26 Borrowing, guaranteeing and underwriting shall be carried out in accordance with 'The framework for borrowing and loan guarantees' laid down in the 2012 'Code of Governance for Irish Universities'.
- 3.27 The University will ensure that all borrowing and loan transactions take place in accordance with the objects and functions of the university and the university's Strategic Plan. In addition, the level of borrowing shall not impinge on the university's ability to meet its annual servicing cost nor its ability to maintain financial and operational viability.
- 3.28 Any proposals for long-term borrowing for funding of projects will be evaluated by the Bursar in line with the university's financial plan and the objectives of this policy, and will not be undertaken without an express decision of the Governing Authority. It will normally be expected that several sources of funds will be evaluated in each case.
- 3.29 Appropriate interest rate hedging, through fixed rates, caps, and other non-aggressive instruments, will be undertaken to protect the university from sharp increases in interest rates on borrowings.
- 3.30 Any subsequent refinancing of a borrowing arrangement will be considered if the terms are competitive and as favourable as can reasonably be achieved in the light of market conditions prevailing at the time, and will require approval by the Governing Authority.
- 3.31 In exceptional circumstances, projects may be funded or part funded from cash balances held by the university. In these instances, an appropriate interest rate shall be repayable as approved by the Governing Authority following consideration by the University Executive and the appropriate sub-committee of the Governing Authority. In striking an interest rate in these circumstances, the Governing Authority will have regard to the feasibility of the project, the loss of commercial deposit interest receivable and the long term financial sustainability of the university.

### **Electronic Fund Transfers**

- 3.32 The University's long term strategy is to complete all transactions via electronic banking and eliminate all cheque transactions, and minimise cash transactions.
- 3.33 Where electronic payments occur, all transfers and direct debit payments will only be initiated and authorised by mandated personnel. Supporting documentation will be retained.
- 3.34 Where moneys are received by the university via Electronic means (e.g. Realex, MyCard etc) relevant finance office personnel will perform monthly reconciliations of bank accounts and

control accounts to ensure that monetary amounts are reconciled, agreed to supporting documentation where available, and posted to the appropriate ledger account.

### **Incoming Cash and Cheques**

- 3.35 Until such time as cash and cheques are eliminated, any cheques received through the mail and opened by the Bursars Office are forwarded to the Income/ Fees Office.
- 3.36 Any cash receivable into a department outside of the Bursars/ Income Office should be remitted to Income/ Fees Office indicating a reference to a relevant business unit with relevant docketts from a Departmental remittance book. Cash receipts should be accompanied by appropriate supporting documentation.
- 3.37 Only Irish drafts, postal orders, euro cheques or cash should be accepted. Foreign drawn cheques incur substantial collection fees which may make them uneconomical to lodge.
- 3.38 Daily cash sheets are maintained to indicate the summary of all cash lodgments to the bank.
- 3.39 Cash received through MyCard vending machines is collected twice weekly by an outside cash handling security company and lodged directly into the MyCard current bank account.
- 3.40 Banking of other cash and cheques should be done at least twice a week.

### **Foreign Exchange**

- 3.41 Generally the university will seek to keep transactions involving foreign currency to a minimum and will seek wherever possible to have transactions conducted in Euro rather than foreign currency.
- 3.42 The university will not hold foreign currency except in the anticipation of related expenditure or onward payment. For currencies where there are both extensive purchases and sales, the University will keep under review whether to open foreign currency bank accounts in order to reduce transaction costs.
- 3.43 Where external service providers are appointed in relation to foreign exchange transactions, their work will be checked by the finance team. In all circumstances, the university will retain full responsibility for day-to-day treasury matters and for the safeguarding of its funds.