



<b>POLICY:</b>	Treasury Management Policy
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<b>FIRST DRAFT:</b>	<p>Draft 4 – this version F &amp; R 2017#01 – approved at ET 2017#17</p> <p>Draft 3 – ET 2017#02 approved subject to insertion of a note on ethical investment.</p> <p>Draft 2 - Reviewed by Finance &amp; Resource Committee 14th Nov. 2016 / subsequently reviewed by PWC – this version</p> <p>Deferred by UR 2016#04 pending review by PWC</p> <p>ET 2016#13 - approved to go to UR 2016#04</p> <p>Draft - Reviewed by Finance &amp; Resource Committee 14th Nov. 2016</p>
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<b>ADOPTED:</b>	<p>UR 2017#01 pro-tem<sup>1</sup></p> <p>UR 2017#04</p>
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<b>AMENDMENTS:</b>	
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<b>REVIEW:</b>	
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<sup>1</sup> Pending consultation in accordance with the Protocol for Policy Development

## **General**

Treasury Management comprises the management of all monies and capital market transactions in connection with the cash and funding resources of the College.

The College is committed to ensuring effective management of all funding from external sources and the investment of surplus cash balances of the College.

The management of treasury undertaken by the College will have regard to:

- The maintenance of a stable financial position for the College;
- The need to ensure that the College 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**

The Governing Authority (*An tÚdaras Rialiaithe*) 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.

The Finance and Resource Committee of the College will act under the direction of the Governing Authority in this area and will review this policy annually.

The Vice-President Administration & Finance has overall responsibility for the Treasury management function. The Director of Finance, under the direction of the Vice-President Administration & Finance 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.

The Director of Finance is responsible for reviewing the College's bank balances and overall position on a daily basis. In the absence of the Director of Finance, this task is delegated to the Financial Accountant, Finance Office.

Members of the Finance Office Team have responsibility for the preparation of monthly control accounts and bank reconciliations. These are subject to review by the Director of Finance.

The Governing Authority is entitled to seek information on the treasury operations of the College. The Vice-President Administration & Finance is responsible for responding to any such queries.

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**

Bank mandates of the College are approved by the Finance & Resource Committee. Each bank mandate is signed off by the Chairperson and Secretary. Each bank used by the College is supplied with a list of officials authorised to sign as per the bank mandate signing instructions, together with their specimen signatures.

Opening or closing of a bank account for dealing with the College's funds shall only be done in accordance with the authorised bank mandate. All bank accounts shall be in the name of the College. No other division, department or section shall be empowered to operate a bank account relating to their or any other College activity. Similarly, no cheques or financial instruments made payable to the College shall be endorsed and credited to any other account.

The Director of Finance is responsible for liaising with the College's bankers in relation to the College's bank accounts and the issuance of cheques. All cheques shall be ordered on the authority of the Director of Finance, who shall make proper arrangements for their safe custody.

All bank accounts are reconciled on a monthly basis. The Director of Finance 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**

Where funds are being transferred, two authorised signatories are required for the transfer of funds and the corresponding letters are faxed/mailed to relevant banks. Original documents are provided where necessary.

Limits of Authorisation:

The authorised signatories of the College are divided into 2 groups:

Group 1: College President, VPAA and Associate VP Admin;

Group 2: VPAF and Finance and Director of Finance;

Bank transfers up to a value of € 50,000 require one signature from any of the above;

Bank transfers up to a value of € 500,000 require two signatures from any of the above;

Bank transfers over a value of € 500,000 require one signature from each of the above Groups;

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). A Memo note of this process is obtained on file. Confirmations of deposits are sent by all banks and filed for verification and audit. Duration of deposits can range from 1 month to 18 months.

The College may keep funds on deposit with licensed banks. The Director of Finance 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 Director of Finance is obliged to keep

himself/herself informed about bank ratings from reputable rating agencies and to factor this knowledge into commercial opportunity evaluation.

Maturity dates are recorded and maintained by the Director of Finance. 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.

Where the funds are rolled-over, confirmation from the bank is maintained on the Bank Treasury file. Where funds are transferred between bank accounts, approved transfer documents are authorised and maintained on the Treasury file.

Confirmation of deposits received from the bank are compared to the deposit control account spreadsheet on a monthly basis.

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 Account's 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**

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'.

The College will ensure that all borrowing and loan transactions take place in accordance with the objects and functions of the College and the College's Strategic Plan. In addition, the level of borrowing shall not impinge on the College's ability to meet its annual servicing cost nor its ability to maintain financial and operational viability.

Any proposals for long-term borrowing for funding of projects will be evaluated by the Vice-President Administration & Finance in line with the College's financial plan and the objectives of this policy, and will not be undertaken without an express decision of the Governing Authority. It is expected that several sources of funds will be evaluated in each case. Formal approval is required from Finance and Resource Committee where this evaluation is not performed, i.e. where a source of funds is chosen without further investigation.

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 Finance and Resource Committee.

In exceptional circumstances, projects may be funded or part funded from cash balances held by the College. In these instances, an appropriate interest rate shall be repayable as approved by the

Governing Authority following consideration by the College 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 College.

A project funding proposal will be documented when requesting funding from the College. The proposal will clearly detail the interest rate requested and the calculations behind it as well as the subsequent review and approval process.

### **Electronic Fund Transfers**

The College's long term strategy is to complete all transactions via electronic banking and eliminate all cheque transactions, and minimise cash transactions.

Where electronic payments occur, all transfers and direct debit payments will only be initiated and authorised by mandated personnel. Supporting documentation will be retained.

Where moneys are received by the College via Electronic means (e.g. Realex, OneCard 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**

Until such time as cash and cheques are eliminated, any cheques received through the mail and opened by the Vice-President Administration & Finances Office are forwarded to the Income/ Fees Office.

Any cash receivable into a department outside of the Vice-President Administration & Finance / Finance Office should be remitted to Finance Office indicating a reference to a relevant department with relevant dockets from a Departmental remittance book. Cash receipts should be accompanied by appropriate supporting documentation.

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. All students will be notified that foreign drawn cheques will not be accepted.

Daily cash sheets are maintained to indicate the summary of all cash lodgments to the bank.

Banking of other cash and cheques should be done at least twice a week.

### **Foreign Exchange**

Generally the College 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.

The College 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 College will keep under review whether to open foreign currency bank accounts in order to reduce transaction costs.

The College will not engage in trading of foreign currency.

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 College will retain full responsibility for day-to-day treasury matters and for the safeguarding of its funds.

The appointment of external service providers must be approved by Governing Authority. Multiple providers must be considered and a tender process completed before engagement.

Where a third party is employed to convey foreign exchange payment, for example Fexco, such payments will only be made on foot of approved invoices with a further approval online by the Director of Finance or VPAF before final payment.

## **Investments**

The Director of Finance together with the VPAF, will have responsibility for the management of investments in any related party or company or through any professional service provider. The Director of Finance will report annually to Finance and Resource Committee on the College's interests in related parties, companies, associates and subsidiary companies and / or on any funds placed with a professional service provider.

External investment managers will be selected after a tender process, will be required to report at least quarterly and will attend and report to Finance and Resource Committee annually.

External investment managers' reports will be reviewed and reconciled quarterly by the Director of Finance.

The concentration and maturity limits per investment type in any College portfolio will be considered by Finance and Resource Committee at least annually.

## **Risk Appetite**

The overall risk appetite of the College in relation to financial investments is Low to Medium. An investment objective of preservation of capital and an investment time horizon of up to 5 years – will be the conditions under which the College will retain and manage financial investments.

## **Ethical Investment**

The College will invest in a diversified portfolio including equities and bonds under the advice of its investment managers. The College will seek to invest ethically and will not knowingly invest in companies whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of Mary Immaculate College.

### **Other College Procedures and Policies**

This Policy is to applied in conjunction with the following, existing College procedures and policies:

- Financial Procedure 1: Opening and Closing College Bank Accounts
- Financial Procedure 3: Cheque Signing Procedures