

TREASURY MANAGEMENT PROTOCOL

1 Introduction

The Treasury Management Protocol is designed to support in controlling the risks associated with the University's banking and investment activities. It outlines how the University can best manage and safeguard its cash while achieving the optimum rate on a secure basis on surplus funds. The maintenance of an accurate cash flow forecast assists in this being achieved, and allows the University to determine its requirement for future borrowing.

The underlying principle is that the University operates a low-risk approach in managing its investments and liquidity. All funds are placed with bodies whose credit rating has been assessed as meeting minimum criteria.

2 Responsibilities

2.1 Bank Relationships Responsibilities

The Director of Finance is ultimately responsible for maintaining relationships with the University's bankers.

2.2 Responsibility for Bank Mandates and online banking permissions

The Financial Accounting team within the Finance department are responsible for ensuring that bank mandates and online banking permissions are kept up to date. Any changes to the mandate, including temporary ones, must be approved by either the Director of Finance or the Head of Finance and the mandate changed following the process as determined by the individual bank.

3 Treasury Management Processes

3.1 Transaction Accounts

The University currently maintains five actively used Sterling bank accounts as well as four dormant bank accounts with small balances and no regular activity.

3.2 Foreign Currency Accounts

The University maintains one euro and one US dollar account. Funding for projects received in Euro are paid into this account, and suppliers are paid in Euros by bank transfer from this account. Other foreign currency accounts will only be opened if necessity can be clearly demonstrated. Receipts and payments for students funded through the US Federal Loans system are paid using the US dollar account. Other foreign currency accounts will only be opened if necessity can be clearly demonstrated.

3.3 Cash Flow Forecast

An annual cash flow forecast should be prepared, which should be updated, as a minimum, on a monthly basis. The forecast will support decision making and will include receipts, payments, investments, loans, leases and available cash balances. Daily updates on the cash position can be provided through the University's online banking facility, should there be a business requirement for this.

3.4 Payments

3.4.1 BACS

The majority of University payments are made through the Accounts Payable team and weekly BACS payments. There are formal approval requirements, which are set out in Appendix A.

3.4.2 Cheque

We no longer make payment by cheque.

3.4.3 Bank Transfers (Faster Payments and CHAPS payments) made through on-line banking

Bank Transfers are used where BACS is inappropriate (e.g. where a transfer is being made to a foreign bank account). Payments are made by Faster Payment, for sums less than the maximum set by the banking system and by CHAPS for larger payments. For the approval process see Appendix A. All Sterling 'one off' payments are set up on Business World as a Sundry Supplier once approved Bacs form and invoices are received in AP. Payments are made within the normal weekly supplier bacs payment file. Faster payments are made when deemed necessary. A weekly foreign payment file is produced and sent to the Cashier for Bank Transfer payments to be made.

3.4.4 Foreign Currency payments

Euro payments and US dollar payments are made by bank transfer from the foreign currency accounts however the process otherwise is the same as for Sterling payments.

Overseas suppliers who are paid in currencies other than Euro or Sterling are paid by bank transfer. The process, including approval, is the same as for Sterling payments.

3.5 Income

3.5.1 Income received as cash or cheques

Cash, card payments and occasionally cheques are taken in only at recognised points. All members of staff responsible for cash-handling should be familiar with work instructions for cash-handling in their local area and are responsible for keeping cash secure. Cash-handling will be subject to regular Internal Audit.

3.6 Bank Reconciliations

All bank accounts are reconciled on a monthly basis and any discrepancies are followed up in a timely fashion.

3.7 Short-term investment of surplus funds

The Financial Accounting team within the Finance department will make recommendations for the short-term investment of any surplus funds, not immediately required to meet University liabilities, on fixed term deposit or in a notice account in order to achieve a higher rate of return. Any such recommendation must be based on the cash-flow forecast which demonstrates the surplus nature of these funds for the period for which it is proposed the money will be unavailable.

Where the proposal is to place funds with any new body, they will be subject to assessment against minimum credit-rating criteria before the transfer can be made. The Director of Finance or the Head of Finance will authorise the transfer of funds.

3.8 Investments

The University will invest surplus funds and endowments with third party organisations and will seek to maximise returns with the expectation of a better than inflation return in the long term through a diversified investment portfolio using one or more Fund Managers. The University has an Ethical Investment statement in which it recognises its responsibility to operate in an ethical manner and to take account of social, environmental and ethical considerations in its investment activities. Fund Managers are expected to provide quarterly reports on fund performance.

3.9 Loan Finance

Any new debt will be approved in advance by the Resources and People Committee (RPC). The Director of Finance is responsible for ensuring that any banking covenants are met.

Procedure Author – Head of Finance

Procedure Owner – Director of Finance

Parent Policy Statement – Finance Policy Statement

Public Access or Staff Only Access – Public

Version – Version 5 – March 2022

Changes and Reason for Changes – Reviewed and minor changes made

Appendix A – Payment Requisition and Approval Processes

A1) The BACS approval procedure is as follows:

- Each purchase order must be authorised by the relevant budget holder.
- Before payment, Invoices in excess of £5,000 must be identified, checked and the list approved by the Director of Finance or another “A list” signatory ; any payment that is not checked satisfactorily or not approved must be removed from the run.
- The BACS run is prepared by the Accounts Payable team and, after authorisation (above) sent through via BACS payment system by an authorised user (usually an “A list” signatory).
- Salary payments, including in payments in respect of deductions, are also made by BACS on the basis of files from the Payroll system. Approval of the payments must be given by the Head of the Payroll section or their deputy. Payment is sent via the BACS payment system by an authorised user (as above) after carrying out reasonableness checks

A2) The Bank Transfer requisition and approval process is as follows:

- A payment requisition is sent to the Cashier (or deputy), with supporting documentation or invoice, authorised by the budget holder, together with bank details to which the payment is to be sent. The Cashier generates a payment on the online banking system. The payment is authorised and sent using online banking system by an authorised user (usually an “A list” signatory).
- Where regular payments are made through online banking a template should be set up, with the payee details, in order to minimise the risk of keying errors.
- The banking system limits bank transfers to amounts less than £100,000. Same-day Faster Payments (for amounts less than £100,000) can be used where there is a need for immediate payment.

For amounts greater than £100,000 payment will be made by CHAPS. A CHAPS payment is created in the same way as a Faster Payment but an additional authorisation should be obtained from an “A list” signatory before the payment is sent on the online banking.