

Treasury Management Policy

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| **POLICY TITLE** | Treasury Management Policy |
| **DATE APPROVED** | 16 March 2024 |
| **APPROVING BODY** | Resources Committee |
| **VERSION** | Insert current version as below |
| **PREVIOUS REVIEW DATES** | January 2021 |
| **NEXT REVIEW DATE** | March 2027 |
| **OUTCOME OF EQUALITY IMPACT ASSESSMENT** | No major change |
| **RELATED POLICIES / PROCEDURES / GUIDANCE** | Ethical Investment & Banking Policy, Anti-Bribery Policy, Anti-Money Laundering Policy |
| **IMPLEMENTATION DATE** | 1 April 2024 |
| **POLICY OWNER (JOB TITLE)** | Chief Officer Resources |
| **UNIT / SERVICE** | Finance |
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# Version Control

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| **VERSION** | **DATE** | **REASON FOR CHANGE** |
| 10.0 | January 2021 | 10th Version |
| 11.0 | March 2024 | 11th Version |

# Policy Hub

## For further information on policies:

1. You can go to the Secretariat pages on InSite at [https://outlookuwicac.sharepoint.com/sites/Secretariat](https://outlookuwicac.sharepoint.com/sites/Secretariat/);
2. You can go to the Policy Hub at [cardiffmet.ac.uk/about/policyhub](https://www.cardiffmet.ac.uk/about/policyhub); or
3. Contact [policies@cardiffmet.ac.uk](mailto:policies@cardiffmet.ac.uk).

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# Policy Statement

## Treasury Management is defined as the management of the University’s cash flows, investments and borrowings; the effective management of risk related to these activities; and the optimisation of performance from these activities within a controlled risk framework.

## The overriding principle of the Treasury Management Policy is to avoid risk rather than to maximise return. The key criteria for assessing the desirability of any potential investment, therefore, will be security, liquidity and yield respectively.

# Risk

## The Chief Officer Resources is responsible for the achievement of effective treasury management i.e. the maximisation of short-term cash balances through the management of debtors and creditors, and the maximisation of the return on those cash balances within the established risk framework.

## The identification, monitoring and control of risk are key criteria for measuring the effectiveness of Treasury Management. The control structure is therefore focused on a risk-based approach to investment decisions. The key risks to be monitored are detailed below.

## Liquidity risk - ensuring adequate but not excessive cash resources are available at all times to meet working capital needs.

## Investment risk - a key objective is the maximisation of the return on short term investment but within a control framework that ensures the security of investment funds. The policy seeks to ensure that risk is diversified and that funds are deposited with secure and stable organisations. The credit rating criteria established by this Policy will be applied when selecting organisations for placement of investments. Appropriately appointed advisors and Cash Managers may also be used to provide expert market advice.

## Interest and exchange rate risk - funds need to be managed to reduce exposure to fluctuations in interest and exchange rates and avoid detrimental impacts on budgets.

## Legal and Regulatory risk - all Treasury Management activity must comply with the University’s statutory powers and regulatory requirements.

## Irregularity risk – any circumstances that may expose dealings to risk of loss through fraud, error or corruption will be identified and managed in accordance with the University’s Counter Fraud and Corruption Policy, and the Anti-Bribery policy.

## All short‐term investments placed directly by the University will be with organisations that have a credit rating of A1, P1 or F1 or above (see 2.11). No single investment will be placed for a period greater than 3 years. Total investments with any one organisation will not exceed £5 million with the exception of the University’s main bank RBS Group (£ unlimited), Barclays (£10 million) and Santander (£10 million).

## All short‐term investments placed through the University’s Cash Manager, will be made on a segregated cash basis, and will be placed only with organisations that have a credit rating of A1, P1 or F1 or above (see 2.11). No single investment will be placed for a period greater than 3 years. Total investments with any one organisation will not exceed £5 million.

## The investment agreement with the University’s Cash Manager allows the use of deposits, certificates of deposit, UK Treasury bills, short-dated covered/uncovered bonds, Gilts, supranational bonds, and corporate floating rate notes. Investments can only be made with an agreed list of counterparty banks and other institutions for whom maximum deposit limits and duration have been set.

## Short-term credit ratings assess the ability of the organisation to repay short-term debt obligations. A1/P1/F1 ratings (highest short-term rating) by Standard & Poors, Moody's and Fitch respectively, indicate a superior ability to repay short-term debt obligations, A2/P2/F2 indicates satisfactory ability and A3/P3/F3 indicates adequate ability to meet the short-term financial liabilities.

## Any deviation from the principles outlined in section 2 (above) would need the prior approval of the Chair of Resources Committee.

## In line with the Financial Regulations, University bank accounts and credit arrangements may only be established with the approval of the Chief Officer Resources and in line with the Finance Department’s approved signatories.

## The introduction of new areas of investment and trading, such as crypto currency arrangements, require the prior approval of the Resources Committee.

# Roles and Responsibilities

## The Board of Governors has delegated the responsibility for the monitoring of treasury management performance to the Resources Committee.

## Day‐to‐day investment decisions are delegated to the Chief Officer Resources, who will provide the Resources Committee with periodic reports on all aspects of treasury management, including but not limited to cash flow forecasts. The Chief Officer Resources and his nominees are authorised to make short‐term investment decisions in line with the Treasury Management Policy.

# Related Policies and Procedures

## Anti Money Laundering Policy, Anti-Bribery Policy, Counter Fraud and Corruption Policy, Financial Regulations, Ethical Investment and Banking Policy.

## Avoidance of Money Laundering

### The University is alert to the possibility that it may become a target for money laundering. Remittances of large foreign currency payments, in particular for overseas student tuition fees, present a potential money laundering risk.

### For the purposes of legislation in this area (in particular, the Money Laundering Regulations 2007, the Terrorism Act 2002 and the Proceeds of Crime Act 2002) the University is classed as a relevant body and, as such, has a responsibility to disclose any suspicious financial transactions to the relevant authorities. This Policy ensures that procedures are in place to satisfy our obligations under the regulations.

## Ethical Investment Policy

### The University is committed to ensuring that its investments and banking practices are conducted transparently and in an economically viable, socially responsible manner and in ways which are consistent with the mission and values of the University. The University will strive to invest in companies where the activities of the company are, on ethical grounds, consistent with the educational and/or research objectives of the University even though this may reduce returns. The University will also take into account the published guidance of the Charity Commission on ethical and socially responsible investment of charitable funds.

# Review and Approval

## The Resources Committee is responsible for the periodic review and approval of the Treasury Management Policy under delegated authority from the Board of Governors.