

# College Group Policy

## Treasury Management Policy

**Manager Responsible:** Director of Finance

**Version Number:** 2.0.3

<b>Approval Date:</b>	21 <sup>st</sup> June 2021
<b>Approved by:</b>	Policy & Resources Committee
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<b>Intended Audience:</b> <i>(Check appropriate box)</i>			
Staff:	<input checked="" type="checkbox"/>	Governors:	<input checked="" type="checkbox"/>
Students:	<input type="checkbox"/>	External:	<input type="checkbox"/>

## **AMENDMENT SUMMARY**

<b><u>Version</u></b>	<b><u>Date</u></b>	<b><u>Remarks</u></b>
2.0.1	26 Jan 2016	Periodic Review and update
2.0.2	28 Jan 2019	Periodic Review and update
2.0.3	14 Feb 2020	Periodic Review and update
<b>2.0.4</b>	<b>20<sup>th</sup> May 2021</b>	<b>Periodic Review and update</b>

## **1. The Treasury Management Policy Statement**

- 1.1 The Policy & Resources Committee (P&R) will approve the Treasury Management Policy Statement which is based on CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-sectional Guidance Notes) and sector specific guidance setting out a strategy and policies for cash management, long term investments and borrowings.

The Corporation will comply with any funding body rules regarding approval of any secured or unsecured loans that go beyond consent levels in the financial memorandum.

The Policy & Resources Committee has the responsibility to ensure the implementation, monitoring and review of such policies.

- 1.2 The College will manage its cash resources mindful of three elements:

- Security of cash deposited;
- Maintenance of adequate liquidity to meet operational needs; and
- Gaining an appropriate level of investment return.

In any decisions over cash deposits, the security of cash deposited must take precedence.

- 1.3 The College defines its treasury management activities as:  
"The management of the College's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.4 The College regards successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the College.
- 1.5 The College acknowledges that effective treasury management will provide support towards the achievement of its business objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- 1.6 The College follows the key recommendations of CIPFA's Treasury Management in the Public Services/Code of Practice and Cross-Sectoral Guidance Notes.
- 1.7 The Treasury Management Policy Statement and Policies set out here will apply to subsidiaries of the College whose results are consolidated into the College's exercise of delegated treasury management powers.

## **2. Risk management**

2.1 The Director of Finance will design, implement and monitor all arrangements for the identification, management and control of treasury management risk whether carried out locally or through Essex Shared Services Ltd. He/she will report annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the College's objectives.

### **2.2 Liquidity risk management**

The College will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business objectives.

### **2.3 Interest rate risk management**

The College will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements. It will achieve this whilst retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

### **2.4 Borrowing and refinancing risk management**

The College will ensure that its borrowing arrangements are negotiated, structured and documented appropriately. The maturity profile of any monies raised are managed to obtain competitive terms as can reasonably be achieved in the light of market conditions prevailing at the time.

The College will not enter into funding arrangements where the repayment profile of the loans exceeds the expected useful economic life of the asset or venture being financed.

The College will seek to ensure that new funding arrangements will not be entered into that bind the College to meet financial covenants and security arrangements which are deemed to be more onerous than those contained within the current loan documentation. The financial position of the College is monitored on a regular basis to ensure it does not breach any of its existing financial covenants.

### **2.5 Legal and regulatory risk management**

The College will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. The College recognises that future legislative or regulatory changes may impact on its treasury management activities and will seek to minimise the risk of these impacting adversely on the College.

### **2.6 Fraud, error and corruption, and contingency management**

The College will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements.

## **3. Value for money and performance measurement**

The College is committed to the pursuit of value for money in its treasury management activities and the treasury function will be subject to periodic review and audit.

#### **4. Decision-making and analysis**

The College will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

#### **5. Approved instruments, methods and techniques**

The College will undertake its treasury management activities by employing only those instruments, methods and techniques as recommended in the CIPFA Code of Practice, and within the limits and parameters defined *Risk management*.

#### **6. Organisation and segregation of responsibilities**

The College considers it essential that treasury management activities are structured and managed in a fully integrated manner and that there is at all times clarity of treasury management responsibilities. This is to ensure the effective control and monitoring of its treasury management activities, the reduction of the risk of fraud or error and for the pursuit of optimum performance.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds.

The General Manager Essex Shared Services Ltd will ensure that at all times those engaged in treasury management will follow the policies and procedures set out.

#### **7. Reporting requirements and management information arrangements**

The Corporation will receive

- An annual report on the strategy and plan to be pursued in the coming year
- Regular monitoring reports on treasury management activities and risks
- Exception reports on a timely basis of any breach or potential break of the College's financial covenants with lenders that are likely to have a material adverse effect on the organisations finances and continued operations.

#### **8. Budgeting, accounting and audit arrangements**

The College's current systems and procedures in relation to budgeting, accounting and audit arrangements are detailed in the financial regulations.

The College will, in conjunction with Essex Shared Services Ltd, account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements during the applicable period.

#### **9. Cash and cash flow management**

All monies in the hands of the College will be under the control of the Principal and will be aggregated for cash flow and investment management purposes. The Director of Finance will prepare cash flow projections on a regular and timely basis and will ensure that these are adequate for the purposes of monitoring compliance in-line with *the risk register*.

## 10. Money laundering

The College is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that its staff members are properly trained where applicable. The College has developed an Anti-Bribery and Anti-Money Laundering Policy and Procedures document for use by staff, this can be found at Appendix Dii to the Financial Regulations.

## 11. Bankers

The governing body (Corporation) is responsible for the appointment of the institution's bankers and other professional financial advisers (such as investment managers) on the recommendation of the P&R Committee.

The College Bankers are currently Barclays Bank.

## 12. Authorised Signatures

Authorised Bank Signatures are shown in the table below.

All signatures can approve up to £3,000 providing the supporting paperwork has been approved appropriately.

All bacs requests over £3,000 require two signatures.

<b>Name</b>	<b>Position</b>	<b>Bank Account</b>
Angela O'Donoghue	Principal & Chief Executive	All
Anthony McGarel	Deputy Principal & Chief Executive	All
Debbie Greenidge	Head of Finance	All
Elizabeth Sipiére	Chair to the Board of the Corporation	College current account and commercial services account
Richard Launder	Governor	College current account and commercial services account
Sarah Lane	Deputy Principal Curriculum & Quality	College current account and Backstage Centre
Matthew Twitchett	Vice Principal Quality & Compliance	Backstage Centre account only
Brian Warrens	Head of Department – Backstage Centre	Backstage Centre account only
Melissa Drayson	Clerk to the Corporation	Backstage Centre account only

## 13. Cash and Cash flow Management

The Collège will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or other facilities to enable it at all times to have the level of funds available to it which are necessary to achieve its service objectives.

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The Annual Treasury Management will include monthly target as per forecast.

A daily balance must be maintained across South Essex College bank account, subsidiaries and joint venture that will not have a balance of less than £900,000 in total.

The Director of finance will be responsible for regular reporting of debtors and creditors

A debt collection agency is used for individual and companies debtors.

Creditors will be paid within one month except where the amounts are in dispute and there is sufficient cash available

There are instances where suppliers are being paid by direct debit.

Any supplier wishing to be paid by direct debit must apply in writing to the relevant department, enclosing a direct debit mandate. All applications must be sent to treasury and this will be completed and checked and send to an authorises member of the signature list. This will be returned to the Treasury who will sent off to the bank. All supplier must give advance notice of the amount and submit a supporting document.

All direct debit invoices should be sent to the S2C clearly stating which project, account and analysis code the payment is to be charged to. The department should not process the invoices the finance system as this will cause duplicate entries.

ESS Finance team

The treasury function will be responsible for:

- Execution of transactions
- Adherence to agreed policies on a day to day basis
- Maintaining relationships with the bank and other third parties
- Monitoring of the day to day cash balance – Treasury officer
- Monitoring of the weekly cashflow – S2C Manager
- Monthly cashflow – Head of finance
- Identifying and recommending opportunities for improving practices