

THE NEWMAN CATHOLIC COLLEGIATE



Treasury Management Policy

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TREASURY MANAGEMENT POLICY

Document Control

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Introduction

Treasury Management is defined as: -

- the management of the Multi Academy Companies cash flows, banking and investment transactions;
- the management of the risks associated with these activities;
- the pursuit of optimal returns consistent with those risks.

The objectives of this policy are to ensure that the multi academy company: -

- maintains sufficient cash balances in its current account to meet its day to day commitments;
- complies with the Academies Financial Handbook and ensure that security of funds takes precedence over revenue maximisation;
- invests surplus cash to earn an acceptable rate of return without undue risk;
- considers spreading risk between differing types of investment and institutions to reduce credit risk.

There are a number of constraints placed upon academies in terms of fund management. One of these constraints is the inability to borrow funds. This constraint represents a key risk to the collegiate in relation to financial planning and monitoring. One of the ways in which the collegiate mitigates this risk is through effective management of reserves, which provide alternative temporary funding streams should there be a delay in grant receipts or a sudden unforeseen increase in expenditure.

Responsibility

The Senior Executive Leader and Board of Directors have overall responsibility for the security and management of funds. The day to day management of the treasury function is controlled by the Chief Finance Officer and the Deputy Business Director. The Chief Finance Officer will liaise with the Principals and the Board of Directors in relation to investment decisions. Each Principal is accountable for the management of their academy budget but must meet the scheme of delegation set out by the Board of Directors and the ESFA requirements.

Outturns

The Deputy Business Director and Business Director will prepare and present regular monthly outturns to the Principals, Academy Committee and Chair of the Board of Directors. This will identify expected cash balances throughout the year for investment opportunities and to provide early warning of low cash balances. These outturns will also be presented to the Resources and Services Subcommittee on a termly basis

Cash Flow Forecasts

The central team will prepare and present monthly cash flows to the Board of Directors to identify expected cash balances throughout the year for investment opportunities and to provide early warning of low cash balances.

Bank Accounts

The opening of all accounts must be authorised by the Board of Directors who must set out the operation arrangements of these accounts in the Scheme of Delegation. This should include delegated authority limits, cheque signing, BACS payments and transfers of monies between accounts.

The collegiate will operate an interest-bearing current account with a bank approved by the Board of Directors currently Lloyds Bank and maintain sufficient balances to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected payments.

Borrowing

The Academy is not permitted to borrow without prior permission of the Secretary of State.

Investments

Investments must be made only in accordance with procedures approved by the Board of Directors and the Senior Executive Leader. All investments must be recorded in sufficient detail, showing the information stated below under Register of Deposits. The Multi Academy Company will not take out any long term investments until reliable cash flow pattern had been established. Further procedures may be required to ensure any income receivable from the investment is received.

The Reserves and Investment Policy must also be followed when considering Investments.

Register of Deposits

The Chief Finance Officer will maintain a register of all deposits/investments held which will record;

- Institution with which deposit placed
- Date deposit placed
- Amount deposited
- Date of maturity
- Amount returned
- Interest earned
- Rate of Interest

Limits and Authority

The Board of Directors reserves the powers to:

- Give prior approval to the opening of new bank current accounts;
- Approve the list of institutions with whom the Academy will invest ;
- Give prior approval to any bank deposit with a maturity date exceeding six months.

The Board of Directors delegates authority to the Senior Executive Leader and Chief Finance Officer to place deposits in the Multi-Academy Company's name, at approved institutions, subject to the agreed limits within this policy. No deposits will be placed without prior agreement with the Principals or other signatory subject to the relevant limits.

Authorised bank signatories of the Multi Academy Company are set out in the Collegiate Financial Procedures.

Monitoring, evaluation and review

The Senior Executive Leader/Chief Finance Officer will present the Register of Deposits to the Board of Directors on an annual basis.

The Senior Executive Leader/Chief Finance Officer will review interest rates and compare these with investment opportunities through other institutions.