



## Treasury Procedure

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**Accessibility:** Public

**Status:** Published

In developing this procedure the University had regard to the provisions of section 40B(1)(b) of the Human Rights Act 2004 (ACT).

### PURPOSE:

The purpose of this Treasury Procedure is to provide a framework for its accompanying policy within which the University Group manages its treasury function and risks to financial market variables.

### SCOPE:

The University Group, including the University of Canberra and wholly owned entities.

### PROCEDURE:

#### Operations and Procedures

1. Arranging and agreeing transactions with external counter parties must occur in a framework of control and accuracy. It is vital to the internal control of the organisation that all transactions are captured, recorded, reconciled and reported in a timely fashion within a system that has all the necessary checks and balances, so that unintentional errors and/or fraud are identified early and clearly.
2. To achieve this, as far as is practical, transaction, settlement and accounting functions should be segregated. By segregating these responsibilities, no one individual is able to make, confirm, process and report a transaction undertaken with an external party.
3. The CFO, Director Finance and Business Services must also ensure:
  - Compliance with authorities and limits outlined in the University Financial Delegations Policy
  - There is documented support for all transactions
  - Appropriate treasury procedural documentation is maintained.

#### *Treasury/Cash Flow Manager*

- Executes all transactions with approved counterparties and within approved limits.
- Manages the cash management requirements of the University to ensure that sufficient liquidity is

maintained to meet its financial obligations.

- Maintains a register of financial commitments held by the University.
- Maintains overall liaison and relationship with the University's banking and investment counterparties.

#### *Revenue and Debtors Accountant*

- Checks monthly account reconciliations, reconciling external records to the University's finance system.

#### **Approved counter parties**

4. Unless otherwise approved by Council, the University Group (excluding the UC Foundation – refer UC Foundation Investment Policy) will only transact treasury activity (with the exception of interest bearing deposits or other fixed interest investments as explained below) with those Australian registered banks holding either a minimum long term credit rating of 'A' or short term credit rating of A-1 from Standard & Poor's (or Moody's equivalent).
5. Interest bearing deposits or other fixed interest investments may be placed with unrated building societies or credit unions if recognised as Authorised Deposit-Taking Institutions (ADIs).
6. In addition, foreign exchange transactions may be undertaken with relevant bodies as approved by the CFO, Director Finance and Business Services.
7. A schedule of approved counterparties and their credit ratings will be maintained by Finance and Business Services.

#### **Transaction Origination**

8. The Treasury/Cash Flow Manager has the delegated authority to place bank deposits (e.g. term deposits, bank bills etc) on behalf of the University and therefore can commit to all the related contractual obligations under these transactions.
9. All such transactions are generally originated and agreed verbally by telephone, or by email, and therefore it is important that procedures are in place to control the activity.
  - The placing of deposits requires the Treasury/Cash Flow Manager to verbally (or by email) agree with the counterparty the amount, term selection and rate accepted.
  - At least two competitive quotes should be obtained before entering into any deposit over AUD1 million.
  - All work papers, including competitive quotes and market support are to be kept for inspection and review.
10. As far as is practical, a key control is the segregation of execution, settlement and accounting functions such that no one individual is able to make, confirm, process and report on a transaction taken with an external party. To effect this control, the person responsible for deal origination with counterparties may not solely undertake the settlements procedure detailed below.

#### *Settlements Procedure*

- *All transactions are to be confirmed and reconciled to external confirmations before settlement.*
- All receipts due to the University must be received into authorised bank accounts as per standard settlement instructions (usually next day).
- The University is to provide its counterparties with a standard set of settlement instructions containing the following:
  - i. contact and correspondence details (email, phone, fax) for those responsible for arranging the deals;
  - ii. details of the University's settlement bank accounts;

- iii. list of authorised personnel and transactional limits if appropriate; and
- iv. specimen signatures of appropriate authorised personnel.

### **Foreign Exchange Transactions**

11. Currently the University does not undertake any foreign currency hedging activities. If a need arises, the University must:
  - advise the Finance Committee of its proposed action and reasoning behind it;
  - ensure that in principle approval of the Finance Committee is in place prior to hedging; and
  - develop adequate systems and controls in accordance with the Treasury Policy.

## **IMPLEMENTATION AND REPORTING:**

A reporting structure is necessary to provide Council and management with adequate information to operate the University's treasury operations within high standards of governance and control. In addition, reporting must provide assurance that delegated authorities, limits and policies have been adhered to and that 'known risks' are within the levels approved.

### *Reporting*

The CFO, Director Finance and Business Services will report to Finance Committee and Council a minimum of once per annum. The following information should be considered for inclusion:

- listing of borrowings undertaken, facilities available and investment maturity profile;
- cost of funding and comparison against benchmark interest rates;
- 12 month cash flow forecast, borrowing plan and foreign exchange projection (if relevant);
- bank covenant compliance;
- details of any breach of Treasury Policy; and
- market valuations for any foreign exchange hedging contracts outstanding (if applicable).

### **Benchmarking**

The Vice-Chancellor can request the Treasury function be benchmarked against other similar sized University's from time to time.

## **GOVERNING POLICY AND LEGISLATION:**

This procedure is governed by the University [Treasury Policy](#).

## **SUPPORTING INFORMATION:**

### **Related Documents**

- [Treasury Policy](#)
- [Investment Policy - UC Foundation: Endowment and Trust Funds](#)
- [Financial Delegation Policy](#)

## **DEFINITIONS:**

Terms	Definitions
Nil	