



St Matthias Church of England Primary School

Headteacher Mrs Claire Davies

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Treasury Management Policy

St. Matthias CE Primary School

Adopted by Governors: 17.5.17

Review date: Summer 2019

Person Responsible: Mrs Claire Davies

Introduction

Treasury Management is defined by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Services as the management of the Academy's cash flows, banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The objectives of treasury management are:

- To provide a means by which the Academy can meet its commitments
- To ensure that sufficient sums are available at short or no notice to meet foreseeable requirements
- To earn an acceptable rate of return on surplus funds without undue risk
- To spread risk between differing types of investment and institutions

Responsibility

The Headteacher and Governing Body have overall responsibility for the overall security and management of funds. The day to day management of the treasury function is controlled by the Headteacher.

Appropriate advice will be sought to support the Headteacher and Governing Body in relation to strategy and market conditions.

Borrowing of funds

The Academy is not allowed to borrow without the permission of the Secretary of State. The Academy does not currently envisage the need to borrow or operate an overdraft. Should this situation change the overdraft / borrowing will only be undertaken after approval of both the full Governing Body and Secretary of State.

Investment of funds

A return on working capital should be optimised whilst ensuring easy access of the funds. In balancing risk against return the Academy policy is clearly geared to avoiding risk rather than maximising income.

St. Matthias Assessment Policy
Company No. 07704001

Ref:CD/KJ March2017





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The Academy will operate an interest bearing current account with a bank approved by the Governing Body and aim to maintain a balance in that account that is sufficient to cover immediate and forthcoming financial commitments (payroll and payment runs) and sufficient contingency (cash buffer) for unexpected payments.

Monies surplus to the working requirements shall be invested in an account in the name of the Academy with the approved institutions authorised by the Governing Body. This may be a higher interest bearing account operated by the same bank that the Academy operates its current account with, or an alternative approved institution.

The Academy will only take out long term investments with a reliable cash flow pattern established; monies will only be invested for a period of time, approved by the Resource and Audit Committee, with direct relation to the projected cash flow demands on the Academy. The cash flow will give assurance on the level of funds which are necessary for the achievement of its business/service objectives.

Credit risk

Credit risk will be minimised by ensuring that funds are spread across a range of institutions as appropriate. The limits of funds invested with approved institutions will be approved at least annually by the Governing Body and more frequently subject to market conditions. Initially the Academy will invest surplus funds through the Lloyds relationship team. The rationale for which institutions to potentially place investments with will be based on reviewing the Moody's, Fitch and Standard & Poor Credit Ratings.

Cash flow forecasts

The Headteacher will prepare and present to the Resource and Audit Committee an annual monthly cash flow statement in advance of each academic year in order to highlight expected cash balances throughout the year that may be invested and give early warning of any need to seek approval to borrow. The Headteacher will then subsequently maintain a rolling 12 month forecast.

Approved institutions for investment

Security of investment is paramount. The Headteacher may consider investing surplus funds in the Short term money market deposits with approved banks. Initially this will be Lloyds Bank with this only reviewed if it is felt that it would be appropriate to invest in a similarly rated organisation. When options for investment institutions are being reviewed consideration should be given to the ethical nature of the institution. This would require approval by the Resource and Audit Committee.

Limits and authority

The Governing Body reserves the power to:

- Give prior approval to the opening of new bank current accounts
- Amend the list of approved institutions
- Give prior approval to any bank deposit with a maturity date of greater than six months
- Give prior approval to any investment product other than a bank deposit



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The Governing Body delegates power to the Headteacher to place deposits in the Academy's name, at approved institutions. No deposits will be placed by the Headteacher without prior authorisation by Resource and Audit Committee. Deposits will be confirmed in writing after the event by the bank.

Register of investments / deposits

The Headteacher will maintain a register of all investments / deposits held which will record:

- Institution with which the deposit was made
- Date deposit was placed
- Amount deposited
- Date of maturity
- Amount returned
- Interest earned
- Rate of interest obtained
- Authorisation for the transaction

Recording and monitoring

Bank balances and all investments / deposits will be reconciled and balanced to the Academy's accounting records every month.

Cost of funds and requirement for funds will be monitored on an ongoing basis via the 12 month rolling cash flow forecast.

Monitoring, evaluation and review

The Academy will review this policy annually and assess its implementation and effectiveness. The policy will be promoted and implemented throughout the Academy.

The Headteacher will report on the effectiveness of the policy to the Governing Body or the Resource and Audit Committee as appropriate.

Signed:

Date:

Chair of the Governing Body

Signed:

Date:

Headteacher