

# **King James I Academy Treasury Management Policy**

**Date approved by Governors:**

**December 2014**

**Date of Next Review:**

**July 2016**

## **Introduction**

Treasury Management is defined as: -

- the management of the Academy's 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 Academy: -

- maintains sufficient cash balances in its current account to meet its day to day commitments;
- 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.

## **Responsibility**

The Head Teacher and Governing Body have overall responsibility for the security and management of funds. The day to day management of the treasury function is controlled by the Director of Finance. The Director of Finance will seek agreement from the Head Teacher and Governing Body prior to making investment decisions.

## **Cash Flow Forecasts**

The Director of Finance will prepare and present regular 12 month rolling cash flow forecasts to the Governing Body, to identify expected cash balances throughout the year for investment opportunities, and to provide early warning of low cash balances. Management action will be taken e.g. reduce, defer or halt spending to address potential low cash balances.

## **Borrowing**

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

## **Investments**

The Academy will operate an interest bearing current account with a bank approved by the Governing Body (Lloyds TSB). The Academy will 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.

Monies surplus to the working requirements shall be invested in term deposits with Lloyds TSB. The Academy will not take out any long term investments until reliable cash flow pattern had been established, monies will only be paid into term deposits not exceeding six months.

### **Limits and Authority**

The Governing Body reserve the powers to:

- Give prior approval to the opening of new bank current accounts;
- Amend the list of approved institutions with whom the Academy will invest (currently only Lloyds TSB);
- Give prior approval to any bank deposit with a maturity date exceeding six months.

The Governing Body delegates authority to the Director of Finance to place deposits in the Academy's name, at approved institutions, subject to the agreed limits within this policy. No deposits will be placed without prior agreement with the Head teacher or other signatory subject to the relevant limits.

Authorised bank signatories of the Academy are set out in the Academy's Financial Regulations Manual.

### **Register of Deposits**

The Director of Finance 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

### **Monitoring, evaluation and review**

The Finance Director will present the Register of Deposits to Governors on an termly basis.

Periodically (at least annually) the Finance Director will review interest rates and compare these with investment opportunities through other institutions.

This policy will be reviewed in July 2016.