1.9 The University 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. In framing its credit and counterparty policy under credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the University, particularly with regard to a duty of care and fees charged. Comprehensive documentation of the organisation's legal powers and regulatory requirements, and those of its counterparties will be kept to allow assessment of the potential for illegal or irregular dealings in its treasury management activities.

1.10 The University further recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

Fraud, Error and Corruption, and Contingency Management

1.11 The University 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, to these ends. It will keep full analysis and records of the processes pursued in making treasury management decisions, and in executing transactions, to enable an organisation to create a successful audit trail, and to allow it to assess the need for contingency arrangements. Fidelity insurance cover will be taken out and the responsible officials included within it.

- the maximum level of assets that should be provided as security without risking the overall stability of the University.
- effect of future movements in interest rates

The Finance Director, in conjunction with the governing body, will undertake on its behalf the borrowing activities of the University. Specific authority must be obtained from Council for any borrowing. A report will be prepared for approval by Council of any new proposals to raise finance. Each proposal will include the details listed below:

- borrowing requirement
- proposed lender
- interest rate structure - fixed, variable, variable with option to fix, index linked, deferred interest
- interest rate base - base plus lender's margin
- arrangement fees
- security arrangements
- purpose (with cash flows)
- comparison with alternatives
- compliance with approved borrowing strategy
- arrangements for draw-down

4.1 The University will undertake its treasury management activities by employing only those instruments, methods and techniques detailed below and within the limits and parameters defined in the treasury management practice on risk management.

4.2

- UK and European banks
- UK building societies
- North American financial institutions
- Leasing Companies
- Insurance Companies
- Pension Funds
- Investment and Unit trusts
- UK companies
- UK Government
- EC agencies
- UK local authorities
- HEFCE and other UK Government agencies
- UK Bond Market
- UK Lottery agencies

- UK and European trusts and charities
- Housing Associations
- Private individuals

Positive approval will be given by the appropriate body in each specific case.

a) Legal Form

- Mortgages secured on property collateral
- Term Loans (secured or unsecured)
- Finance Leases (buildings and equipment)
- Debentures
- Equity (Ordinary or Preference shares)
- Gifts, grants and donations

b) Nature

- Variable linked to base rate
- Variable linked to LIBOR (London Inter-Bank Offered Rate)
- Fixed by way of initial fixed rate
- Fixed by use of derivatives (options/swaps etc.)
- Index-linked
- Deferred interest

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

5.2 The University will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in section 6 below.

5.3 The University delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Strategy Performance and Resources Committee, and for the execution and administration of treasury management decisions to the Finance Director, who will act in accordance with the organisation's policy statement and treasury management practices and, if he/she is a CIPFA member, CIPFA's standard of Professional Practice on Treasury Management. A summary of delegated responsibility is detailed below.

| | |
|---|---|
| Approval of treasury management policy | Strategy Performance and Resources Committee |
| Approval of counterparty list | Strategy Performance and Resources Committee |
| Approval of instruments, methods and techniques | Strategy Performance and Resources Committee |
| Approval of annual strategy | Strategy Performance and Resources Committee |
| Approval of treasury systems document | Director of Finance |
| Application of approved strategy | Director of Finance<br>Assistant Director Finance (Corporate Services)<br>Senior Corporate Accountant |
| Authorisation of investment instructions | Director of Finance<br>Assistant Director Finance (Corporate Services)<br>Senior Corporate Accountant |
| Redemption of funds to a University Account | Director of Finance<br>Assistant Director Finance (Corporate Services)<br>Senior Corporate Accountant |
| Authorisation of cash payments arising from investment instructions | In accordance with bank mandate |

The Senior Corporate Accountant will prepare and maintain systems documentation relating to the treasury function, detailing the procedures in place to ensure delivery of the approved policy. These will be reviewed in full on an annual basis, and revised where appropriate.

6.1 The Finance Director will ensure that the Treasury Management function is adequately resourced in the annual budget. 69niP5 (e)-6 ( m)96 (re)7.9 (e (n)-0.7 (i)-3.3 ()-6.4 (ad)8 (n)-0.7 (l)-3.3 ( b.8 (nd[69n)-0.87 (u)

(b) the current levels of interest rates and forecasts of future changes in interest rates.

(c) the policies contained in other planning documents within the University, e.g. the University plan and the revenue budget and capital programme

(d) the aggregate of all funds, loans and accounts operated by the University.

Approval of the strategy will be reported from Strategy Performance and Resources Committee to Council

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- Commentary on treasury operations for the year and their revenue effect.
- An annual report on the performance of the treasury management function, on the effects of decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the University's treasury management policy statement and practices.
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The University, in selecting approved counterparties for cash deposits, sets as a standard minimum credit rating the following:

UK and non UK banks, financial institutions