# TREASURY POLICY

| | |
|---|---|
| **Section** | Finance |
| **Contact** | Chief Financial Officer |
| **Last Review** | December 2019 |
| **Next Review** | December 2022 |
| **Approval** | C19/182 |
| **Effective date** | December 2019 |

## Purpose:

The purpose of this policy is to provide a framework for the banking, borrowing and investment requirements of the University, which maintains the flow of essential finance to operations and for the capital investment, in a manner that manages the risks inherent in these activities.

## Policy:

The Treasury function at Massey University has two major roles:
a) The University Banker
b) Financial Risk Management

Massey University has a documented Treasury Framework, which details the requirements of these two roles.

The Treasury Framework contains explicit direction in respect of: -
- Operations including: Banking relationships, cash management, cash forecasting, funds management
- Borrowing
- Investing/Lending
- Risk management

The Treasury Framework must be reviewed annually.
The implementation of the Treasury Framework is the responsibility of the DVC Finance and Technology (DVC F&T) and all Treasury functions must operate in accordance with the approved Treasury Framework.

It is an express provision of this policy that any two of the Vice Chancellor, DVC F&T and Chief Financial Officer (CFO) can open a bank account on behalf of the University.

## Audience:

All staff

## Relevant Legislation and Legal Compliance:

Crown Entities Act 2004
Education Act 1989
Public Finance Act 1989

© *This Policy is the property of Massey University*

The Treasury policy of the University must be prepared, interpreted and acted upon in compliance with the above legislation.

Specifically, all financial activities of the University must comply with the above legislation.
S192 (4) of the Education Act 1989 requires written consent from the Secretary of Education to:

- sell or dispose of assets or interest in assets
- mortgage or charge assets or interests in assets
- grant leases of land or buildings
- to borrow, issue debentures or raise money;

However, there are some exemptions to the above in S 192 (5) as follows:

Subsection (4) does not prohibit an institution, without the consent of the Secretary, from:

(a) selling or otherwise disposing of, or mortgaging or otherwise charging, an asset or an interest in an asset, where the value of the asset or interest does not exceed an amount determined by the Minister or an amount ascertained in accordance with a formula determined by the Minister:
(b) granting a lease for a term that does not exceed, and when added to any term for which the lease may be renewed does not exceed, 15 years:
(c) borrowing, issuing debentures, or otherwise raising money, where the amount to be borrowed, the amount of the debentures, or the amount to be raised, does not exceed an amount determined by the Minister or ascertained in accordance with a formula determined by the Minister.

The Education Act 1989 also regulates the Debt to Equity ratio, and Debt Servicing ratios.

S23 of the Public Finance Act 1989 prohibits investment in shares and fixed interest securities other than Government Stock, Treasury Bills, and investments or bank bills held with registered New Zealand banks.

## Related Procedures and Documents:

Treasury Framework
Delegations Document

## Document Management Control:

Prepared by: Chief Financial Officer
Authorised by: DVC F&T
Approved by: C19/182
Date issued: 30 September 2003
Last review: December 2019
Next review: December 2022

*© This Policy is the property of Massey University*