



The Rosary Trust

A Catholic Education Trust

Investment Management Policy

Document Detail	
Category:	Financial Management
Authorised By:	Finance, Risk and Audit Committee
Status:	Approved
Chair of Trust Signature:	Simon Fenning
Date Approved:	13 th May 2024
Issue Date:	April 2021
Next review date:	May 2027

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Investment Management Policy

1. 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

2. Responsibility

The Accounting Officer and Trust Board have overall responsibility for the overall security and management of funds. The day to day management of the treasury function is controlled by the Chief Finance Officer.

The Chief Finance Officer will liaise with the Accounting Officer and Trust Board in relation to strategy and market conditions.

3. Borrowing of funds

The Trust is not allowed to borrow without the permission of the Secretary of State. The Trust 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 Board of Trustees and Secretary of State.

4. Investment of funds

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

The Trust will operate an interest bearing current account(s) with a bank approved by the Trust Board and 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 can be invested in an account in the name of the Trust/Academy with the approved institutions authorised by the Trust Board. This may be a higher interest bearing account operated by the same bank that the Trust operates its current account(s) with, or an alternative approved institution.

The Trust will not take out any long term investments until a reliable cash flow pattern has been established; monies will only be paid into approved bank deposit accounts allowing access to funds within a term not exceeding three months.

5. 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 Trust Board and more frequently subject to market conditions.

6. Cash flow forecasts

The Chief Finance Officer will ensure a rolling 12 months' cash flow forecast is presented to the Finance Committee as part of the monthly management accounts in order to highlight expected cash balances that may be invested and give early warning of any need to seek approval to borrow.

7. Limits and authority

The Trust Board reserves the power to:

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

The Trust Board delegates power to the Head Teacher(s) to place deposits in the Academy's name, at approved institutions. No deposits will be placed by the Finance staff without prior authorisation by the Head Teacher or other bank signatory subject to their relevant limits. Deposits will be confirmed in writing after the event by the bank.

Authorised cheque / bank transfer signatories of the Academy are set out in the Trust's Financial Regulations Manual. Any changes in the authorised signatories must be approved by the Trust Board/Local Governing Body.

8. Register of investments / deposits

The Chief Finance Officer 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

9. Recording and monitoring

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

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

10. Monitoring, evaluation and review

The Trust will review this policy every three years and assess its implementation and effectiveness. The policy will be promoted and implemented throughout the Trust.