Responsible Officer
Chief Financial Officer

Approved by
Vice-Chancellor

Approved and commenced
May, 2014

Review by
May, 2017

Relevant Legislation, Ordinance, Rule and/or Governance Level Principle
University of Tasmania Act 1992
Ordinance 1: The Role of Council
Ordinance 3: Vice-Chancellor
Ordinance 5: Council Committees
Governance Level Principle 5: Investment

Responsible Organisational Unit
Financial Services

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1 Objective

The objective(s) of this Policy is/are to:

- ensure that the University effectively manages its asset base, working capital, investment portfolio and any related borrowings; and
- ensure that the University maximises efficiency and minimises financial risks associated with its operations.

2 Scope

This policy applies to University Council, Finance Committee, Investment Committee, University Staff and Management and any Investment Advisor / Consultant appointed to provide advice and/or manage funds on behalf of the University.

3 Responsibilities

University Council

- is responsible for ensuring that the University’s objectives in relation to treasury management are met.

In accordance with Ordinance 3 – Vice-Chancellor, Council has reserved the following areas for its sole authority:

- Borrowing (or equivalent financial arrangements) and investment

[NOTE: The practical implications of the above need to be further understood. Financial Services understand that some revisions to existing Ordinances are required and planned]

Finance Committee

- will provide recommendations to Council on the adoption of or amendments to the Treasury Management Policy and oversee the use of financial resources.
- is responsible for setting guidelines to ensure that the Executive is effectively managing the treasury function and that the associated risks are being monitored and reported.
- is responsible for providing guidelines to, and supervision of, the Investment Committee for the management of the University’s Investment Fund.

Investment Committee

- is responsible for the management of the University and Foundation’s Investment Fund.
- will develop an investment strategy designed to meet the needs of the University as mandated by Finance Committee and determined with reference to the short, medium and long term cash requirements of the University.
University Executive

- is responsible for the day to day management of the Treasury Management function. This includes, but is not limited to, developing the annual budget, identifying the required short, medium and long term funding needs of the University and recommending to Finance Committee appropriate funding mechanisms.
- must communicate the cash flow needs, financing requirements and investment returns to relevant governance committees including Finance Committee, Investment Committee and Council in a timely manner.
- is responsible for ensuring liabilities are settled as and when they fall due, and can access overdraft facilities as required;
- is responsible for managing compliance with financial obligations including but not limited to submissions to the Treasurer for additional debt, and any debt covenants.

4 Policy Provisions

4.1 Investment Funds

Investment Committee must align the investment strategy with the short (1-2 years), medium (2-4 years) and long term (5 years plus) cash requirements of the University, as directed by Finance Committee.

Funds must be invested in accordance with the Investment Policy.

4.2 Borrowings

Total UTAS borrowings should be within the approved consolidated debt to equity ratio. The ratio is set at 25%. For example if consolidated equity was $100M, total borrowings up to $25M is allowed.

Any change to the consolidated debt to equity ratio must be approved by Finance Committee and Council.

Section 7(2) of the University of Tasmania Act 1992 provides UTAS with the power to borrow money, but requires the University not to exercise its power to borrow money unless it has first obtained the written approval of the Treasurer.

Submissions to the Treasurer, via the Department of Treasury and Finance, requesting additional borrowings are the responsibility of Financial Services. All submissions must be approved by the Chief Operating Officer and Vice-Chancellor.

The University may only borrow from banks or the State Government (via TASCORP) and will only borrow if the resulting capital expenditure or investment contributes materially to achievement of the University’s strategic objectives.
4.3 Delegations

**Established loans**

- Interest payments and principle repayments required in accordance with loan conditions are the responsibility of Financial Services and the Chief Financial Officer.
- Operating bank accounts and the overdraft facility should be actively managed to minimise overall interest costs. This is the responsibility of Financial Services and the Chief Financial Officer.

**Established leasing facilities**

- Payments relating to leases are the responsibility of the relevant organisational unit, in accordance with the accounts payable and purchasing limits prescribed in the *Schedule of Financial Delegations*.

**New borrowings**

All new financing arrangements, including leases, must not be entered into without the approval of the Chief Financial Officer.

The following delegations apply to new borrowings with Australian Banks or TASCORP, that are within the allowed debt ceiling which is determined by the approved consolidated debt to equity ratio:

- Council: Unlimited
- Vice-Chancellor: $5M
- Chief Operating Officer: $2.5M
- Chief Financial Officer: $500K

Other types of financing arrangements or use of non-bank institutions must be recommended by Finance Committee and approved by Council.

5 Definitions and Acronyms

<table>
<thead>
<tr>
<th>Term/Acronym</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Organisational Unit</td>
<td>Faculty, School, Centre, University Institute, other University Entity, Division, Section or University Business Enterprise.</td>
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<tr>
<td>COO</td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
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<tr>
<td>Council</td>
<td>University Council is the governing body of the University of Tasmania. It is established by the <em>University of Tasmania Act 1992</em>. <a href="http://www.utas.edu.au/university-council">http://www.utas.edu.au/university-council</a></td>
</tr>
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<td>Term/Acronym</td>
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<tr>
<td>Finance Committee</td>
<td>UTAS governance committee. Committee of University Council.</td>
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<tr>
<td>Investment Committee</td>
<td>UTAS governance committee. Committee of Finance Committee.</td>
</tr>
<tr>
<td>Schedule of Financial Delegations</td>
<td>The Schedule of Financial Delegations establishes the framework for financial delegations of authority, including purchasing and accounts payable.</td>
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<tr>
<td>TASCORP</td>
<td>Tasmanian Public Finance Corporation – Tasmanian statutory body established to develop and implement borrowing and investment programmes for the benefit of Tasmanian State Authorities.</td>
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<tr>
<td>Treasury Management</td>
<td>Treasury Management at UTAS relates to the cash management, investment and borrowing activities, and associated risk management.</td>
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<tr>
<td>Treasury Operations</td>
<td>Treasury Operations at UTAS comprises the management of the asset base, debt facilities, working capital and any related borrowings associated with managing the University’s operations.</td>
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<tr>
<td>UTAS</td>
<td>University of Tasmania</td>
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### 6 Supporting Documentation

- *Investment Policy*
- *Treasury Management Guidelines*
- *Delegation Policy*

### 7 Versioning

<table>
<thead>
<tr>
<th>Current Version</th>
<th>Version 1 – <em>Treasury Policy</em>; approved May, 2014 (Council resolution no. 14/5/275)</th>
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