

University College Dublin: Treasury Policy

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1.0 Treasury Management Policy Statement

This document sets out the treasury management objectives, policies and practices of University College Dublin (“UCD” or the “University”) and its subsidiaries (the “Policy”).

The Policy has been reviewed and recommended by the Finance, Remuneration and Asset Management Committee (“FRAMC”) and approved by the Governing Authority.

UCD defines treasury management as the management of the University’s cash flows, its banking, money market and capital market transactions, the effective control of the risk associated with those activities, and the pursuit of optimum performance consistent with those risks.

UCD regards the successful balancing of risk and return to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation (including the identification, monitoring, and control of risks) and the returns achieved on treasury management activities. Accordingly, the primary objective will be to ensure the security of the principal sums invested and secondly to optimise returns on its investments.

UCD acknowledges that effective treasury management will provide support towards the achievement of its business objectives. The specific operational arrangements and risk controls which seek to ensure compliance with these objectives are set out in Schedules 1.1.1 of this document.

1.1.1 Key Objectives

The key objectives of the Treasury Management function are to:

- To safeguard the monetary assets of UCD
- Ensure sufficient liquidity to meet UCD’s funding requirements both in the short and long term.
- Invest surplus cash securely, with approved counterparties using approved instruments and within the liquidity and maturity constraints set out in this Policy.
- Ensure that UCD can service any external debt/borrowing by effective management of interest expense and adhere to financial covenants.
- Oversee and maintain effective banking arrangements, including banking relationships.
- To perform all treasury activities in accordance with the parameters outlined in this Policy.

2.0 Treasury Management Practices

2.1.1 Treasury Risk Management

- UCD adopts a risk-averse approach to treasury management. UCD enters into treasury transactions for the purposes of controlling risk and/or securing a reasonable return whilst controlling risk in the case of surplus liquidity. UCD does not engage in high-risk or speculative transactions.

- UCD identifies five fundamental treasury risks to which it is exposed. These are: liquidity risk, counterparty credit risk, interest rate risk, legal/regulatory risk, and operational risk.
- UCD will design, implement, and monitor all arrangements necessary for the identification, management and control of these treasury risks.
- The management of bank deposit and money market investments is part of the treasury management function, as defined above.
- UCD will not expose itself to material exchange rate risk.
- In respect of each treasury risk, UCD adopts the risk management objectives stated below. The specific operational arrangements and risk controls which seek to ensure compliance with these objectives are set out in Schedules 3.1 – 3.7 of this document.

2.1.2 Liquidity Risk

- UCD will ensure it has adequate liquidity through short-term cash resources, committed borrowing arrangements, overdrafts, or standby facilities to enable it at all times to have the level of funds available to settle its liabilities as they fall due.
- In determining the adequate level of liquidity UCD will take into account factors which could cause unexpected net cash outflows such as shortfalls against expected grant receipts.

2.1.3 Counterparty Credit Risk

- UCD regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards credit risk management. In particular, UCD ranks the security of principal sums invested ahead of yield earned on treasury deposits.
- Surplus cash will be invested so UCD's objectives of security of principal, liquidity and yield, in that order, are met.
- UCD maintains a formal counterparty policy (Schedule 3.3) in respect of those entities with which it may place deposits or invest or arrange borrowings.

2.1.4 Interest Rate Risk

- UCD will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the parameters specified in this treasury policy.
- No hedging transaction will be entered into without specific FRAMC approval. UCD will ensure that hedging transactions are only used for the management of risk and the prudent management of financial affairs, and never for speculation.

2.1.5 Legal and Regulatory Risk

- UCD defines Legal and regulatory risk as the risk that the institution itself, or a third party with which it is dealing in its treasury management activities, fails to

act in accordance with its legal powers or regulatory requirements, and that the institution suffers loss accordingly. UCD will ensure that all of its treasury management activities comply with its statutory and regulatory requirements.

- UCD 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 minimize the rise of these impacting adversely on the University.

2.1.6 Operational Risk

- UCD will ensure that it identifies situations where treasury operations may expose it to the risk of loss through error, fraud or other eventualities. Accordingly, it will employ suitable treasury systems, controls and procedures and will at all times maintain effective contingency management arrangements.

2.2 Performance Measurement and Value for Money

- UCD is committed to the pursuit of value for money in its treasury management activities and to the use of performance measurement methodology in support of that aim.
- Accordingly, the treasury management function will be subjected to continuous review in terms of its effectiveness and the value it adds in support of UCD's business objectives, including regular examination of alternative methods of service delivery and of the scope for other potential improvements.
- The performance of the treasury management function will be measured using the criteria set out in Schedule 3.8 to this document.

2.3 Decision Making and Analysis

- UCD will maintain comprehensive records of its treasury management decisions and document the processes and practices applied in reaching those decisions, both for the purposes of learning from the past and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.
- The issues to be addressed and processes and practices to be pursued in reaching treasury decisions are detailed in Schedule 3.9 to this document.

2.4 Approved Instruments, Methods and Techniques

UCD will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in Schedule 3.10 to this document.

2.5 Organisation, Clarity, Segregation of Responsibilities, Dealing Arrangements

- UCD considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of error or fraud and for the pursuit of optimum performance, that there is, at all times, complete clarity of treasury management responsibilities.

- The principle on which this will be based is a clear segregation of duties between those charged with implementing treasury management policies and executing transactions with counterparties and those responsible for transaction settlement, the execution and transmission of funds, the recording and administering of treasury management transactions and the audit and review of the treasury management function. UCD recognises that the practical application of this principle must have regard to the limited number of relevant staff in the organisation and will review this requirement in line with growth in staffing levels in the future.
- UCD will ensure that there are clear written statements of the responsibilities and authorities for those engaged in treasury management. UCD will also ensure that those engaged in treasury management comply with any relevant policies and procedures at all times.
- The responsibilities and delegated authorities in respect of treasury management are set out in Schedule 5 to this document.

2.6 Reporting requirement and Management Information arrangements

- UCD will ensure that regular reports are prepared and considered on the implementation of its treasury management policies.
- The present reporting and management information arrangements and the form of reports are detailed in Schedule 3.12 to this document.

2.7 Accounting and Auditing Arrangements

- UCD will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards and with statutory and regulatory requirements in force for the time being. UCD will always fully consider the accounting effect of any treasury management decisions under existing accounting standards and those expected to be applicable in future, seeking specialist advice where appropriate.
- UCD will arrange for a periodic internal audit of the treasury function's policies, practices, systems and controls in order to identify any weaknesses or failures in the treasury management framework.
- The present arrangements for budgeting, accounting, and auditing are set out in Schedule 3.13 to this document.

2.8 Cash and Cashflow Management

- Unless statutory or regulatory requirements demand otherwise, all monies in the hands of UCD will be under the control of UCD Finance Office.
- Cash flow projections will be prepared on a regular and timely basis and the Bursar will ensure that these projections are adequate for the purposes of monitoring compliance with the liquidity risk management policy.
- Cash and cash management is captured by the liquidity risk policy.

2.9 Staff Training and Qualifications

- UCD recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the various duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.
- The Director of Financial Management will ensure that individuals tasked with treasury management responsibilities have access to training relevant to their needs and those responsibilities. The Director of Financial Management will recommend and implement any necessary training arrangements.
- Those charged with governance additionally recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.
- UCD and its staff will make use of advice and assistance from appropriately experienced specialist treasury management advisers to support its staff in any area of treasury management where it considers that this is necessary.

2.10 Use of External Service Providers

- Responsibility for treasury management decisions rests with UCD's Finance Office but UCD recognises that there can be value in engaging external providers of treasury management services, in order to acquire access to specialist skills and resources.
- When UCD employs such service providers (for example, treasury advisors, investment managers, banks and valuers for loan security purposes) it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.
- Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements is the responsibility of the Director of Financial Management.

2.11 Corporate Governance

- UCD is committed to the pursuit of proper governance across all its activities and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness, transparency, honesty, integrity and accountability.
- The Director of Financial Management will monitor and, if and when necessary, report upon the effectiveness of the corporate governance arrangements in respect of treasury management.

3.0 Treasury Policy Schedules

3.1 Liquidity Risk Policy

- UCD defines liquidity risk as the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs and that the institution's business objectives will thereby be compromised.
- UCD will ensure that it has adequate, though not excessive, cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business objectives, including the settlement of all obligations as they fall due.
- For the purpose of this document:
 - (i) Cash is defined as cash in UCD's bank accounts or liquid investments which are immediately convertible back into cash in the bank (e.g., money market fund investments and bank term deposits where there is a contractual provision which permits early redemption of the deposit).
 - (ii) Liquidity is defined as the sum of UCD's cash, short term liquid investments and term deposits with less than 1 month to maturity and undrawn committed borrowing facilities which are fully secured and available to be drawn or can be fully secured with existing resources within 1 month; and
 - (iii) Net Cash Requirement for a given period is defined as the net total of all committed cash inflows and all committed cash outflows.

UCD will maintain sufficient Cash to cover the next two months' Net Cash Requirement subject to a minimum Cash balance at all times of €50m plus all balances in ring fenced bank accounts.

- The following Maturity Limits will apply to the investment portfolio:

Maturity Horizon	Limit
>36 months	0%
25-36 months	15% of portfolio
13-24 months	40% of portfolio
1-12 months	Up to 100% of portfolio

*Subject to holding at least €100m with maturities less than 6 months and subject to the liquidity requirements outlined above.

- To ensure the adequacy of Cash and Liquidity, UCD will monitor cash balances on a daily basis and will prepare the following cash flow forecasts:

Forecast Horizon	Cash flows	Frequency
Current	Daily cash report and a month-end cash flow detailing actual cash flows for the month with projected cash flows to year end*.	Monthly
Long term	30-year cash flow	Annually

*The cash flow forecast for the following year will be prepared once the Budget for the following year has been approved but in any event not later than 31 July.

- In the event the minimum liquidity level falls below the €50m threshold, UCD will prepare the following cashflows:

Forecast Horizon	Cash flows	Frequency
Short term	30-day cash flow schedule showing daily Net Cash Requirement	Weekly
Medium term	18 months cash flow schedule based on monthly management accounts showing monthly Net Cash Requirement	Monthly
Long term	30-year cash flow	Annually

- UCD will undertake reasonable sensitivity analysis, including scenario analysis stress tests, of its liquidity position and cash flow projections in order fully to understand the impact of adverse operational and financing scenarios on its Net Cash Requirement and UCD's position against liquidity policy limits.
- UCD will use investment funds only where it has determined that funds invested in such funds will be in excess of the Cash and Liquidity requirements set out above and are placed in funds permitted under this Policy as set out in 3.3 below.
- Where there is a breach of liquidity risk policy, a Treasury Policy Exception Report will be submitted to the FRAMC as detailed in Schedule 3.12.

3.2 Borrowing and Refinancing

- Borrowing, guaranteeing and underwriting shall be carried out in accordance with "The framework for borrowing and loan guarantees" laid down in the 2019 "Code of Governance for Irish Universities". Proposals for long term borrowings for funding of projects will be evaluated by the FRAMC having regard to the University's financial position and plans, covenants on existing borrowings and the objectives of this Policy and will not be undertaken without an express decision of the Governing Authority.

3.2.1 Security Policy

- UCD will ensure that security granted over its property portfolio is efficiently managed with a view to minimising liquidity risks and optimising future borrowing capacity in light of the business strategy and potential borrowing requirement.
- Where appropriate, UCD will maintain minimum headroom of 25% over asset cover covenant levels to provide a buffer against unexpected reductions in the security value of charged assets.
- In line with the requirements of the regulatory standards of the European Investment Bank and Housing Finance Agency and any other finance provider, UCD will maintain a thorough, accurate and up to date record of all assets which are provided as security against its borrowings.

3.3 Counterparty Credit Risk Policy

- UCD defines credit and counterparty risk as the risk of failure of a third party to meet its contractual obligation to UCD under a treasury deposit, investment, borrowing, capital project or partnership financing, particularly as a result of the third party's diminished creditworthiness, and the resulting detrimental effect on UCD's capital or revenue resources.
- UCD regards the key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty minimum criteria are set with security in mind, whilst also allowing UCD to avail of market conditions to achieve some return on its deposits/investments. The criteria will be reviewed on a continuing basis.
- UCD maintains the following limits in respect of counterparties with whom it places treasury deposits:

Exposure	Counterparty	Long Term Credit Rating*	Short Term Credit Rating*	Individual Limit	Category Limit	Notes
Irish Sovereign Exposure	Irish Government Bonds (NTMA)	AA	A-1+	lower of €90m or 60% of portfolio	Maximum of 60% of cash available for investment	Max term to maturity 36 months
	Housing Finance Agency plc (Rating based on Irish Sovereign)	AA	A-1+	lower of €90m or 60% of portfolio		Max term to maturity 36 months

Exposure	Counterparty	Long Term Credit Rating*	Short Term Credit Rating*	Individual Limit	Category Limit	Notes
European Sovereign Exposure (with minimum rating AA applicable)	German Government Bonds	AAA	A-1+	lower of €80m or 20% of portfolio	Maximum of 40% of cash available for investment	Max term to maturity 36 months
	French Government Bonds	AA	A-1+	lower of €80m or 20% of portfolio		Max term to maturity 36 months
	Dutch Government Bonds	AAA	A-1+	lower of €80m or 20% of portfolio		Max term to maturity 36 months
Money Market Funds (LVNAV/CNAV) (AAAMMF rated)	Any one provider	AAA-MMF		lower of €125m or 20% of portfolio	Maximum of 55% of cash available for investment	Investment only permitted in MMF's with overnight liquidity
Category 1 Banks (AAA to AA+)	No current counterparties	AA+		lower of €80m or 20% of portfolio	Maximum of 50% of cash available for investment	Deposit term limit 12 months
Category 2 Banks (AA to AA-)	No current counterparties	AA-		lower of €70m or 20% of portfolio	Maximum of 50% of cash available for investment	Deposit term limit 12 months
Category 3 Banks (A+ to A-)	Bank of Ireland	A-	A-2	lower of €70m or 20% of portfolio	Maximum of 55% of cash available for investment	Deposit term limit 12 months
	Barclays Bank Ireland plc	A+	A-1	lower of €70m or 20% of portfolio		Deposit term limit 12 months
	Allied Irish Banks PLC	A-	A-2	lower of €70m or 20% of portfolio		Deposit term limit 12 months
	Danske Bank	A+	A-1	lower of €70m or 20% of portfolio		
Category 4 Banks (BBB to BBB-)	Permanent TSB PLC	BBB	A-2	lower of €40m or 10% of portfolio	Maximum of 20% of cash available for investment	Deposit term limit 6 months

*The credit rating scale used in this policy is that adopted by Standard & Poor's and Fitch credit rating agencies; the equivalent ratings by Moody's may also be used. Where the rating agencies give different ratings, the lowest rating will be used.

- Counterparty Credit Limits apply to combined short-term and long-term deposits. Where the bank is also a lender, UCD will take into account aggregate limits and reliance on right of set off where there is documentation and legal advice that this would apply, although the potential liquidity implications will be considered if a materially higher balance is placed with a single party for this reason.
- Should the clearing bank used by UCD fall below the relevant criteria, consideration will be given to changing banks but the wider context, such as the risk of fraud or operational loss, will also be considered. It may be appropriate to continue using the same clearing bank but to keep overnight balances with that entity at a lower level. Any decision will be kept under review for so long as the threshold breach exists.
- If a Counterparty's credit rating is found to have fallen below the criteria while UCD has funds on deposit with that counterparty, the funds are to be recalled in full at the earliest opportunity. For funds that are on fixed term deposit, the earliest opportunity is defined as on maturity of the relevant deal. Where there is a breach, a Treasury Policy Exception Report will be submitted to the FRAMC as detailed in Schedule 3.12.
- Money Market Funds ('MMF') need to meet the following minimum criteria, as well as the criteria in sections 2.1.3 and 3.3:
 - I. Minimum total size of individual MMF: €5bn
 - II. Maximum weighted average maturity: 90 days
 - III. Constant or Low-Volatility NAV funds
 - IV. ESMA Regulated
- UCD will only expose itself to the credit risk of Approved Counterparties. UCD defines an Approved Counterparty as any counterparty approved by the FRAMC.
- Borrowing facilities will only be arranged with counterparties who are judged to have sufficient financial strength to ensure that the funds committed under the facilities will be available as and when they are required by UCD in accordance with the agreed terms.
- Where counterparties are ring-fenced or non-ring-fenced banks within a group structure, the credit rating of the specific legal counterparty will be the rating applied using the above limits and the list of approved counterparties will differentiate where appropriate. It will not be assumed that netting could be achieved across the relevant banking group unless there is documentation and legal advice to the effect that it could be.
- UCD will monitor counterparty credit risk exposures by reviewing the credit ratings of existing counterparties against policy limits every quarter. UCD will regularly review available market information on counterparties, such as Credit Default Swap ("CDS") spreads and equity prices, both before exposing itself to the credit risk of a new counterparty and in respect of existing counterparties on an ongoing basis.

- Where there is a breach of a counterparty credit risk policy limit, a Treasury Policy Exception Report will be submitted to the FRAMC as detailed in Schedule 3.12.
- This counterparty credit risk management policy will be reviewed at least annually by FRAMC.

3.4 Interest Rate Risk Policy

- UCD considers the management of its exposure to interest rate risk to be a critical element in achieving its business objective. Interest rate risk is the risk that unexpected fluctuations in the levels of interest rates adversely impact UCD's finances as a result of UCD failing to protect itself adequately.
- UCD's preference is generally to seek fixed-rate loans, borrowing at the most competitive rates with covenants in line with regulatory requirements. UCD may decide to explore variable rate loan options on a short-term basis where it considers such loans to be the most cost effective for the University. In that event that Bursar, having taken advice from UCD's Treasury Adviser, will propose a maximum and minimum percentage mix for floating and fixed rate loans and secure appropriate approval for amendment of this Policy, before entry into same.
- This interest rate risk management policy will be reviewed annually by the Finance Office.

3.5 Exchange Rate Exposure

- The University's policy is to minimise exposure to exchange rate fluctuations. UCD will retain funds in currencies only to the extent that payments are due to be made in those currencies in the short to medium term. Currency receipts surplus to requirements will be translated into euros at the best rate available timed to allow advantage to be taken of actual and potential advantageous changes in exchange rates.
- The University has two main foreign currency accounts:
 - (i) Summer at UCD U.S. Dollar Account – used for USD Receipts from overseas universities. This account is cleared out to the UCD No. 1 bank account at regular intervals.
 - (ii) USD Deposit account – used to provide Security for a USD Denominated Letter of Credit (\$696K) required by the U.S. Department of Education, until March 2025.
- The University and its subsidiaries also hold a small number of foreign currency accounts¹ in China, Singapore and Northern Ireland to allow it meet certain local liabilities or comply with local legislation. These accounts are funded by UCD, with a policy to keep funding in these accounts to as low a level as possible.

3.6 Legal and Regulatory Risk Policy

- UCD defines Legal and Regulatory risk as the risk that UCD itself, or a third party with which it is dealing in its treasury activities, fails to act in accordance with its legal powers or regulatory requirements and that UCD suffers losses as a result.
- UCD will ensure that its legal and regulatory risks are effectively managed through:

¹ The Global Beijing Representative Office holds a RMB account with HSBC. UCD ELA CLG holds one N.I. bank account to meet a payroll legal requirement. NUI Dublin PTE holds a SGD\$ account with Standard Chartered in Singapore.

- (i) The treasury management activities undertaken by UCD will be only those permitted by this Policy and subject to the appropriate governance approvals.
 - (ii) Proof of counterparty powers: prior to entering into any treasury transaction with a counterparty, other than the approved counterparties listed at 3.3, all reasonable steps will be taken to verify the powers of that counterparty to enter into such agreements and such evidence as may be required to do this will be sought from the counterparty, with additional independent specialist advice where required.
 - (iii) State and Political Risks: A number of elements of UCD's finances are impacted directly and indirectly by the policies and decisions of central government. Such risks will be taken into account, as far as this is possible, in determining treasury management policy and risk management strategy.
 - (iv) Professional Advice: Where specialist advice is required in relation to treasury transactions, UCD will seek appropriate advice from specialist providers to assist in its decision making.
- UCD is also mindful of reputational risk to the University and will take due regard of the possible adverse impacts on the reputation of the University when engaging in its Treasury activities in accordance with this Policy.

3.7 Operational Risk Policy

- UCD defines Operational Risk as the risk that UCD fails to identify circumstances in which it may be exposed to loss through error, fraud, corruption, process failure or other eventualities in its treasury management activities and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends.
- UCD will ensure that treasury operational risk is effectively managed through:
 - (i) Treasury Procedures: UCD will maintain a comprehensive set of procedures covering all treasury dealing, administrative and reporting practices.
 - (ii) Treasury Policy Limits: individuals tasked with managing treasury activities will ensure that at all times compliance is maintained with treasury policy limits and that any instances of non-compliance are reported to the FRAMC in a Treasury Policy Exception Report.
 - (iii) Documentation: UCD will ensure documentary evidence is stored which contains an accurate and complete record of every treasury transaction undertaken. This includes banking and investment transaction statements, account statements, all borrowing agreements and all security arrangements. Documentation will be stored in line with UCD's internal practice. Transactions should be confirmed by a counterparty in writing/by email on the day of the dealing date.
 - (iv) Delegated Authorities: UCD will ensure all treasury activities are undertaken in strict compliance with the delegated authorities set out in Schedule 3.11 to this treasury management policy.
 - (v) Segregation of Duties: UCD will ensure that there is clear segregation between those charged with implementing treasury management policies and executing

transactions with counterparties and those responsible for transaction settlement, the execution and transmission of funds, the recording and administering of treasury management transactions and the audit and review of the treasury management function.

- (vi) Loan Administration: UCD will ensure compliance with covenants of all borrowing arrangements on a continuous basis. UCD will maintain, in addition to complete documentary records, a summary database of key contractual terms which cover:
 - Financial Covenants (levels and calculation basis for interest cover, gearing, asset cover).
 - Information Covenants (detailed information covenant requirements and calendar); and
 - Other Material Restrictions (such as restrictions on disposals or on-lending to other group members and details of cross-default and similar provisions).
- (vii) Reconciliation: UCD will undertake, at least monthly, reconciliations of all account balances (including bank, collateral, and charged accounts) and loan balances between internal accounting records and counterparty documents.
- (viii) Dealing Mandates: UCD will maintain up to date lists of authorised signatories and dealing mandates for all banking facilities, investment accounts and borrowing arrangements. All treasury transactions with Approved Counterparties must be undertaken in compliance with current dealing mandates.
- (ix) Professional Advice: UCD recognises that treasury management can be a complex and high-risk business activity. UCD will seek independent professional advice in any circumstances where UCD does not possess sufficient skills in-house to undertake a particular operational treasury activity.
- (x) Treasury Contingency Planning: UCD will ensure there are detailed contingency plans in place for the treasury.
- (xi) Reporting: Where there is a material treasury error, operational failure or occurrence of fraud, details will be reported to the FRAMC.

3.8 Performance Measurement

- UCD will endeavor to achieve value for money in its treasury management activities through employing, inter alia, the following performance measurement techniques:
 - (i) Bank Transactions and Charges: UCD will regularly review bank account structures and charges in order to identify where banking efficiencies might be achieved.
 - (ii) Returns on Investment: UCD will continuously monitor the returns on cash and investment balances against market benchmark interest rates and interest rates available from alternative market counterparties to ensure that the rate of return on surplus funds is optimised, having regard to counterparty credit risk and the primary consideration of security of principal invested.
 - (iii) Debt Portfolio Optimisation: UCD will periodically monitor borrowing conditions in the bank and institutional markets and compare this to terms and conditions of existing borrowing arrangements in order to identify whether existing

arrangements continue to provide value for money or whether advantage might be taken of alternative methods of financing or debt restructuring opportunities.

- (iv) Treasury Management Performance: UCD will measure the performance of the treasury management function through the delivery to FRAMC of the bi-annual Treasury Reports which will include retrospective review of performance against Treasury objectives, analysis of performance against treasury management KPIs and treasury policy limits and details of covenant compliance.

3.9 Decision Making and Analysis

- When making treasury decisions UCD will ensure that:
 - (i) all decisions will be subjected to the proper level of analysis and scrutiny by appropriately skilled and experienced individuals;
 - (ii) all decisions are taken in accordance with the specific limits and authorities set out in this Policy; and
 - (iii) all decisions are properly recorded and minuted.
- UCD will maintain complete records of its decision-making processes in relation to treasury transactions in order to:
 - (i) demonstrate retrospectively that an appropriate level of due diligence has been performed and any necessary safeguards have been considered;
 - (ii) allow for the future assessment of the rationale behind decisions and effectiveness of those decisions; and
 - (iii) demonstrate the legality of transactions if required.
- When contemplating any treasury transaction, which for the avoidance of doubt includes any new investment, deposit or borrowing arrangement transaction, UCD will give proper consideration to, inter alia, the following factors:
 - Transaction terms and conditions in the context of current market practice
 - Transaction pricing in the context of market conditions
 - Comparative analysis versus alternative options
 - The present value of costs and benefits
 - Analysis of short term and long-term costs and benefits
 - Legal validity, and regulatory compliance
 - The effect on cash flows, the business plan, and risks to achieving the business plan, and financial covenants.
 - Wider financial market conditions and the interest rate term structure
 - Budgetary constraints
 - Counterparty status, credit quality, and relationship
 - Security requirement and arrangements
 - Form of legal documentation
 - Accounting treatment and risks (including the accounting treatment under future FRS 102 and US GAAP based standards)
- The Bursar will be responsible for ensuring that the outcome of treasury decisions is effectively communicated to any staff member of UCD who may be involved in implementing those decisions in accordance with delegated authorities.

3.10 Approved Instruments, Methods and Techniques

- UCD will utilise only Approved Instruments (for Investment, Borrowing) in its treasury management activities.

3.10.1 Approved Instruments: Investments

- The following investments are Approved Instruments:
 - (i) Fixed term deposit
 - (ii) Call deposit
 - (iii) Collateral deposit
 - (iv) Money market fund investment
 - (v) Irish Government Bonds
 - (vi) European Government Bonds
 - (vii) Loans or equity instruments to subsidiaries for approved purposes.

3.10.2 Approved Instruments: Borrowing Arrangements

- The following borrowing arrangements (on a secured or unsecured basis) are Approved Instruments:
 - (i) Bank overdraft
 - (ii) Bank term loan (including loans from the Housing Finance Agency and European Investment Bank)
 - (iii) Bank revolving credit facility
 - (iv) Lease
 - (v) Hire purchase.
 - (vi) Other sources specifically approved by the FRAMC and Governing Authority.

3.11 Organization, Clarity and Segregation of Responsibilities

- The Governing Authority maintains overall responsibility for treasury policies, strategies and activities. The Governing Authority delegates certain responsibilities and authorities to the FRAMC, President and the Bursar in accordance with the following scheme:

Party	Delegated Authority / Responsibility
Governing Authority	<ul style="list-style-type: none"> • Set treasury objectives and risk appetite. • Approval of Treasury Management Policy • Approval of any new borrowing arrangements.
FRAMC	<ul style="list-style-type: none"> • The FRAMC may approve any matters of interpretation in relation to this Policy, including any variations from the policy which it considers both in keeping with the spirit of the Policy and not material to the operations of the University. The FRAMC may sub-delegate this authority to the Chair. • Periodically review the Treasury Management Policy and recommend any amendments to the Governing Authority for approval.

	<ul style="list-style-type: none"> • Approval of new Approved Counterparties • Approval of use of new investment funds following receipt of advice from a regulated financial advisor • Receive treasury reports at least bi-annually in order to monitor the implementation of treasury policy and the effectiveness treasury management activities. • Approve final terms of new borrowing arrangements or interest rate management transactions which comply with this Policy or other transactions which have been specifically approved by the Governing Authority. • Review Treasury Policy Exception Reports and agree corrective activity.
President	<ul style="list-style-type: none"> • Approval of Money Market Fund counterparties. • Approval Annual Treasury Investment Plan and any subsequent changes of greater than €50m between exposure categories. • Review bi-monthly Treasury Reports
Bursar	<ul style="list-style-type: none"> • Implementation of Treasury Management Policy • Approval of investments other than those made in standard Bank deposits.
Director of Financial Management	<ul style="list-style-type: none"> • Negotiation of the detailed terms and conditions of borrowing and investment. • Authority to manage liquidity within approved treasury policy limits, including investment of surplus funds with Approved Counterparties, drawdown from pre-agreed committed borrowing facilities, loan rollovers, drawdown, and repayments from Revolving Credit Facilities and utilisation of overdraft facilities. • Prepare and submit treasury reports to the FRAMC as required under Schedule 3.12 of this treasury policy. • Monitor and review treasury management information. • Continuously review the effectiveness of treasury processes and systems with a view to achieving best value for money • Ensure that suitable training is provided for staff involved in treasury activities. • Monitor the security portfolio and ensure adequate security is charged against all borrowing agreements.
Treasury Officers	<ul style="list-style-type: none"> • Investment of cash deposits subject to dealing mandates and treasury policy limits. Investment of non-cash deposit investments subject to approval by the Bursar.

3.12 Reporting Requirement and Management Information Arrangements

- The Finance Office will prepare the following treasury reports as set out elsewhere within this Policy:

FREQUENCY	REPORT	RECIPIENT
Semi-Annual	<ul style="list-style-type: none"> • Six-month Treasury Report 	FRAMC
Monthly	<ul style="list-style-type: none"> • 12-month cash flow forecast • Counterparty Information 	Bursar/Director of Financial Management
Daily	<ul style="list-style-type: none"> • Daily cash report • Counterparty Information 	Director of Financial Management
Ad hoc	<ul style="list-style-type: none"> • Treasury Policy Exception Report 	FRAMC

- The Bursar will ensure that any treasury reporting and management information contains sufficient analysis and detail to ensure the FRAMC have a clear and complete understanding of the current treasury position, recommended strategies, and proposed transactions.

3.12.1 Semi- Annual Report

- The FRAMC will receive for consideration a Six-Month Treasury Report which should contain, inter alia, the items listed below:

General Items

- An analysis of key treasury activities undertaken during the preceding semi-annual period
- An update on financial market conditions
- Statement of compliance with treasury risk policy limits and explanation for any exceptions/breaches during the semi-annual period (including counterparty credit ratings).
- Current counterparty credit ratings, CDS spreads and equity prices (if applicable)

Borrowing Related Items

- Analysis of borrowing arrangements (amounts outstanding and key terms)
- Analysis of drawdowns and repayments during the preceding semi-annual period
- Analysis of scheduled borrowing maturities over the next 24 months
- Statements of compliance with borrowing covenants

Cash/Investment Related Items

- Analysis of Cash and Liquidity position
- Latest 12-month cash flow forecast
- Actual cashflow compared to budget/forecast.

3.13 Budgeting, Accounting and Audit Arrangements

- In relation to its treasury management activities, UCD will ensure that it considers the following accounting and audit related issues:
 - (i) **Accounting Implications of Treasury Transactions:** UCD will fully consider the accounting effect of any material treasury transactions undertaken, under both existing Irish GAAP (FRS102) standards and anticipated future accounting standards. UCD will consider the impact of accounting treatment on lender covenants (e.g., breakage costs impacting interest cover). Specialist accounting and/or legal advice to determine the impact on covenants will be taken wherever appropriate. Wherever possible, accounting treatment will be agreed in principle in advance of the transaction with external auditors.
 - (ii) **Treasury Accounting Information:** UCD will ensure that treasury record keeping is accurate, complete, and sufficient to enable the extraction of all data required for the production of published financial statements and the notes to those statements, taking into account future data requirements under FRS102 standards.
 - (iii) **Structured/non-basic treasury transactions:** UCD will not enter into complex or structured borrowing arrangements or hedging transactions without specific approval from FRAMC.
 - (iv) **Internal audit:** The treasury function's policies, practices and systems will be subject to a complete internal audit in accordance with the agreed internal audit programme.

Appendix 1 – Version History

	Date	Description	Author
1.0	June 2023	Policy Created and approved by the Governing Authority 22 June 2023	UCD Finance
2.0	Oct 2023	<p>Policy Updated Section 3.3 – following FRAMC approval on 2 October 2023.</p> <ol style="list-style-type: none"> 1. Addition of Danske Bank as an approved fixed-term deposit counterparty. 2. Change in individual limits for MMF counterparties to the lesser of €125m or 20% (from €80m or 20%) of cash available for investment and to increase the overall MMF category limit to 55% (from 40%) of cash available for investment. 3. Increase overall Category 3 banks to 55% (from 50%) of cash available for investment. 	UCD Finance