



CASH AND CASH EQUIVALENT MANAGEMENT POLICY

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1. Purpose

The purpose of this Policy is to outline the principles of cash management across the Fiji National University (FNU) to ensure the efficient and effective management of the University's cash resources. It contributes to minimise exposures to losses and to maximise investment income while ensuring sufficient cash on hand to meet obligations and avoid funding shortfalls.

This Policy also contributes towards meeting the University's obligations by ensuring the existence of an effective cash management system to provide for the payment and investment of cash, transmitting timely and reliable cash flow forecasts and ensuring compliance with relevant statutory and regulatory requirements.

2. Objective

To establish sound cash management practices to ensure efficient utilisation of cash and cash equivalents in a manner consistent with the overall strategic goals of the University and minimise cash losses.

3. Scope

This Policy applies to all forms of cash and cash equivalents recognised by the University and to all staff responsible for the investment and recording of cash-related activities.

4. Policy

4.1. General Policies

4.1.1. Cash Management is the corporate process of collecting and managing cash, as well as using it for operating and strategic functions of the University. It is a critical component of the University's financial stability and solvency.

4.1.2. The University should ensure that it has adequate cash resources, borrowing arrangements, overdraft or standby facilities are available to meet its day-to-day operations.

4.1.3. The University must ensure the appropriate management and control of its cash flows, banking and investment transactions; the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

4.1.4. All cash and cash equivalent custodians are responsible for the safekeeping of cash and cash equivalents to protect them from losses and thefts. They must ensure that cash is used for the authorised purpose only.

4.1.5. The use of cash and cash transactions must only be approved as per the scheme of financial delegations.



4.1.6. The University will ensure all of its Cash/Treasury Management activities comply with its statutory powers and regulatory requirements.

4.2. **Specific Policies**

Internal procedures and controls for cash handling are necessary throughout the University to enforce cash management policy objectives.

Cash management internal controls represent an application of common sense and prudent conduct to the use and proper safeguarding of the University's funds. Appropriate internal control mechanisms provide management with a reasonable assurance that intended safeguards are being practised consistently. Therefore, the integrity of any cash management activity depends on the application of internal control principles and standards.

4.2.1. **Opening and Closing Bank Accounts**

4.2.1.1. The authority to open and close internal bank accounts is as per the Scheme of Financial Delegations.

4.2.2. **Investment**

4.2.2.1. Management of the University investment is the responsibility of the Chief Financial Officer under delegated authority from the Vice-Chancellor.

4.2.2.2. The University will seek to invest the pool of funds to achieve diversification of risk. A key objective is to maximise returns on short term investment but within a control framework that will ensure the security of investment funds. The management of funds therefore needs to ensure risk is diversified and deposited with a secure and stable financial institution.

4.2.2.3. Cash should be invested as whether term deposits, call accounts or shares.

4.2.2.4. The Financial Resources Committee shall approve any withdrawal or non-renewal of investment which is invested for a term of one year or more.

4.2.2.5. The University encourages financial support through donations from individuals, corporations, and foundations to fund scholarships, bursaries and other University purposes; and to promote a continuing interest in the University and higher education in general. Therefore, its management policy intends to preserve the real value of capital through time after allowing for an annual spending allocation as articulated in the Memorandum of Understanding of each donor. The MOU is designed to ensure that good term returns are achieved by taking appropriate investment risk while maintaining the preservation of capital in real terms over the long time and ensuring that the academic community can plan and spend disbursements in an orderly fashion.

4.2.3. Cash Receipting and Handling

4.2.3.1. Cash is the most liquid of assets and poses a high-risk factor in terms of loss, theft or misappropriation. All money received should be banked intact.

4.2.4. Cash Cheque Handling

4.2.4.1. Writing cash cheques is risky. To mitigate the risks associated with the handling of cash cheques, payments are to be processed by the direct deposit mode of payment. However, exceptions are granted in special circumstances and for such instances, cash cheques are issued to facilitate payments as per the Scheme of Financial Delegations.

4.2.5. Unallocated Funds

Direct credits deposited in the University bank accounts are sometimes lacking sufficient appropriate information for receipting. Queries with Banks also prove unsuccessful. The following Policy applies:

- 4.2.5.1. All unallocated funds more than six months in the bank reconciliations of the University will be transferred to an “Unallocated Funds Suspense Account”. The Manager Accounting will authorise the transfer.
- 4.2.5.2. All unallocated funds sitting in the Unallocated Funds Suspense Account after three (3) years will be transferred to “other” income account. The Chief Financial Officer will authorise the transfer.

5. Roles and Responsibilities

Role/Office	Responsibility
Vice Chancellor	VC is responsible for investment of assets. It is responsible for the safekeeping of the assets and their day-to-day administration.
Chief Financial Officer	Overall oversight of this Policy and ensuring that it is implemented and enforced.
Manager Accounting & Cash Flow Unit	To effectively identify, manage and control treasury risk in order to manage current account balances so appropriate funds are available to meet day to day operational requirements. To safeguard University cash balances through effective management and control of funds.

Role/Office	Responsibility
	<p>To maximise returns from the short term investment of University cash balances within the constraints and risks tolerances established by this Policy.</p> <p>To monitor and review the compliance to this Policy across the University, including undertaking training, and doing regular cash audits.</p>
Accounts Receivable	<p>Assist in identifying unidentified debits and credits in the FNU bank accounts</p> <p>Ensuring that cash receipting and handling policies and procedures are adequately followed</p>

6. Related documents

This Policy to be read in conjunction with other University policies, procedures and schedules:

1. Cash and Cash Equivalent Management – Procedures

