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	Policy Subject	Treasury Management	Last Review date	4/10/2022
	Policy Number	FR-16	Next Review date	1/9/2025
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Overview

Treasury function enables UOS to manage its liquidity and ensuring effectiveness in banking operations such as management (opening/closing) of bank accounts, investments and financing facilities such as loans. It also involves activities such as cash and cheque receipts, disbursements, request for preparation of important documents from the bank such as letter of credit, and handling of petty cash.

Scope

The scope of the Treasury process includes the following:


- Bank Management
- LC (Letter of Credit) Establishment and Issuance
- Receipts
 - o Credit Cards;
 - o Cheques;
 - o Bank Deposits; and
 - o Online Transfers.
- Payments
 - o Electronic Fund Transfers;
 - o Cheque Payments;
 - o Credit Cards/ Prepaid Cards; and
 - o Letter of Credit Payments
- Petty Cash and Prepaid Card – Establishment
- Bank Reconciliation
- Bank Guarantees Release and Liquidation
- Liquidity Management
- Investments
- Financing Facilities
- Reporting

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Purpose

The purpose of the Treasury process can be determined as follows:

- Ensure compliance with all bank covenants, especially relating to bank account opening, closing and modification to Banking Signatories and financing agreements
- Manage Letters of Credit requirements
- Record and maintain cash and cheques upon receipt to avoid financial loss.
- Disburse outstanding payments promptly to avoid penalties or loss of reputation while ensuring that they are adequately approved
- Maintain custodianship of Bank Guarantees and release/ liquidate them upon requirement
- Timely reconciliation of bank accounts
- Perform timely replenishment of petty cash and prepaid cards while maintaining sufficient petty cash to meet UOS' business needs while ensuring excessive cash is not held within petty cash to affect UOS' liquidity
- Identify investment opportunities for UOS based on the excess liquidity identified
- Ensure appropriate reporting to UOS' stakeholders for Treasury based activities upon requirement

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Abbreviations and Definitions

UoS: University of Sharjah

VCFA: Vice Chancellor for Finance and Administration

FX: Foreign Exchange

PDC: Post- Dated Cheque

LC: Letter of Credit

GRN: Goods Receipt Note

SRN: Services Receipt Note

“Account”: refers to classification code as part of UOS’ Chart of Accounts to identify line items (such as assets, liabilities, revenue, expenses, etc.) within the Budget.

"Approving Authority": refers to the Person/ Committee within UOS who is responsible for approving the activity. The full list of Approving Authorities shall be obtained from the DOA.

“Bank Guarantee”: signifies that the lending institution ensures that the liabilities of suppliers are going to be met.

“Bank Reconciliation”: is process of comparing information presented in the Bank Account Statement and respective Bank Account General Ledger, analyzing differences and making corrections so that the information is accurate, complete and consistent in both locations.

“Bounced cheque”: A bounced check occurs when the writer of the check has insufficient funds available to fulfil the payment amount on the check to the payee. (Non-availability of funds, Instruction to the bank to withhold payment against the cheque or technical errors like mismatched signatures, no or wrong date, over-written or scribbled text)


“Contract”: is an arrangement / promise between the End User and Vendor concerning the supply of materials / services, over a specified period of time, on the basis of predefined terms and conditions.

“Delegation of Authority”: is the subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

“General Ledger” : is a set of numbered accounts for keeping records for a company's financial data with debit and credit account records validated by a trial balance. The general ledger provides a record of each financial transaction that takes place during the life of an operating company.

“Journal Voucher”: is a document that contains essential information about an accounting transaction (such as unique identifying number, transaction date, description, amount, accounts impacted, etc.). It is written authorization to make a transaction entry.

“Operating Expenditure”: is an expense incurred through its normal business operations which are defined under Chapter 1 and Chapter 2 of this section.

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Policy

Bank Management

1. Treasury Head and Finance Director shall be UOS representatives for interacting with Banks.
2. Treasury Head shall ensure both primary and secondary signatories for all Bank Accounts, are always up to date to accommodate any resignations and recruits. *Please refer to "Payment Approval Matrix".* Any changes to the Banking Signatories shall require a Board / Chancellor Resolution.
3. A separate Bank Account shall be maintained for each of the below categories:
 - Student Income;
 - Income from Business Centres;
 - Income from Research;
 - Payments;
 - Investments (if required); and
 - Financial Arrangements (if required).
4. Treasury Head shall be responsible to review all Bank Accounts and identify dormant accounts (if any) at the end of each financial year and report to Finance Director with appropriate recommendations.
5. Bank Accounts shall be closed only after obtaining a recommendation from the VCFA and approval from the Chancellor.
6. Treasury Accountant shall be responsible for updating the daily FX rates in ERP based on rates provided by Central Bank of UAE.

LC (Letter of Credit) Issuance


1. Letter of Credit shall be issued only to Vendors with whom 'LC Payment' has been authorized as the mode of payment as part of the contractual agreement.
2. Treasury Head shall be responsible for modifying, tracking and monitoring LC status for renewal, cancellation and settlement, based on notification from Procurement Team.
3. Permissible modifications include:
 - Change in terms and conditions or text;
 - Extension in validity; or/and
 - Increases/ decrease in value of the LC including cancellations.
4. Treasury Team shall monitor the status of each LC and report to the Finance Director on a monthly basis.

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Receipts

This section pertains to activities relating to collection. For more details related to UOS' income, please refer to 'Accounts Receivable' section.


1. Treasury Team shall be responsible for recording collections, while Income from Colleges, Business Centres and Research Department shall be recorded by Account Receivable Team to ensure segregation of duties.
2. The following payment types are accepted by UOS:
 - Credit Cards;
 - Cheques;
 - Bank Deposits; and
 - Online Transfers.
3. Each Income stream shall be provided with a unique income pre-fix which will enable the issuance of receipts against the respective stream.
4. Cheques received by Cashier shall be submitted to Treasury Team daily, and shall be reconciled with the Cheque Tracker.
5. Cheques shall be physically protected using lock and key cabinets by the respective Custodian.
6. Cheques shall be returned to the Student/ Customer only upon approval of AR Head and confirmation of payment through alternative method.
7. Applicable fee and service charges shall be levied for all returned and bounced cheques. Furthermore, all instances of returned and bounced cheques shall be reported to the Finance Director on a monthly basis.
8. Direct deposits where Payee cannot be identified shall be recorded in a 'Suspense Account' on a monthly basis, and shall be cleared once the Payee is identified.
9. If the Payee is not identified after a period of three years from the date of deposit, the amount shall be recorded as "Other income".

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Payments

This section pertains to activities relating to payments made to UOS' Vendors, Employees and Students. For more details, related to UOS' expenses, please refer to 'Accounts Payable' and 'General Ledger' sections.


1. Treasury Team shall be responsible for the disbursing payments related to all financial obligations of UOS from authorized sources. The following disbursement methods shall be utilized by Treasury Team:
 - Electronic Fund Transfers;
 - Cheque Payments;
 - Prepaid Cards/ Credit Cards; and
 - Letter of Credit.
2. All payments shall be authorized by the respective signatories as per the Payment Authority Matrix.
3. Treasury shall follow two (2) modes of payments for processing payments:
 - **Batch Payment:** Batch Payment cycles are run every week for all outstanding payments which are due for the upcoming week.
 - **Off-cycle Payment:** Payments related to Emergency Purchases shall be prioritized for immediate payment upon notification from Procurement.
4. Payments shall be processed based on the beneficiary details updated in the Vendor Master File and the Employee Master List.
5. Cheques shall be entered in the ERP by the Treasury Accountant and only used sequentially. In addition, Treasury Team shall confirm on a monthly basis that all unused cheques are in a continuous sequential order through a Cheque Book Confirmation order, which shall be counter-signed by FC Head.
6. Signed cheques shall remain in the custody of Treasury Accountant till the time it is handed over to the relevant beneficiary.
7. Treasury Team shall obtain and document written confirmation on cheque receipt by Vendor upon collection.
8. Any instance of a lost/damaged cheque or exceptional request from AP Team to stop a cheque payment shall require an issuance of a Stop Payment Letter to the Bank. Prior to Letter Issuance to the Bank, Treasury Team shall ensure the following:
 - Confirmation from Bank Statement that the Cheque has not been processed;
 - Police report of lost cheque received from Beneficiary; and
 - Written acknowledgment from Beneficiary to accept any service charge levied by the Bank for the cheque replacement.
9. Payment by Credit Card/ Prepaid Paid shall only be made in exceptional cases as described under the "Corporate Credit Card Management" policy and "Prepaid Card Framework".

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10. Treasury Team shall also be responsible for recording the FX gain/loss upon confirmation of foreign payment, based on the differences in the exchange rates on record date and payment date.

Corporate Credit Card Management

11. Corporate Credit Cards shall only be used for the below mentioned reasons:
 - Cases where online payment is the only payment option;
 - Cases where discounts are available for online payments;
 - Expenditure during overseas travel.
12. Corporate Credit Cards shall only be provided to the relevant personnel after approval in line with the DOA.
13. The use of Corporate Credit Cards for the purpose of, or during overseas travel must be in line with the approved HR Services policies for business travel and business expenses.
14. Corporate Credit Cards must not be used for cash withdrawal or for personal expenditure and must only be used by the person in whose name the card has been issued.
15. Cardholders must provide all required documents (originals) to the HR and Treasury Teams within 5 working days of receiving the credit card statement for review and verification of all expenses.
16. If the cardholder is on travel, the necessary documents must be provided within three days of return to UAE.
17. Finance and HR Directors shall have joint authority to deduct the billed amount from the relevant cardholder's payroll in case of unsubstantiated purchases.


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Petty Cash and Prepaid Card - Establishment

1. A Department Director/ College Dean shall be required to request the fund from the Treasury Function through a 'Petty Cash/ Prepaid Card Establishment Request' form.
2. Treasury Head shall be responsible for the establishment of Petty Cash and Prepaid Cards in line with the 'Petty Cash and Prepaid Card Framework'.
3. Petty Cash and Prepaid Cards limits for each Department/ College shall be approved by Finance Director.
4. On a monthly basis, Treasury Team shall generate a 'Petty Cash and Prepaid Card Monthly Report', highlighting each float amount (as-of-date) and expenses incurred through Petty Cash or Prepaid Card during the month.
5. Treasury Head shall annually review the threshold limits against each Custodian and recommend changes, which shall be reviewed and approved by Finance Director.

Bank Reconciliation

1. In order to ensure accuracy, consistency, and timely reporting of transactions related to bank accounts maintained by University, Treasury Team shall be responsible for preparing monthly bank reconciliations.
2. Bank Reconciliation shall be reviewed and approved by Finance Director on monthly basis.
3. Treasury Head shall investigate long open items (i.e., beyond 3 months) and shall take necessary actions for resolution, including (but not limited to):
 - Conduct monthly meetings with respective Dean/ Director to discuss the open items; or
 - Generate a list of all unallocated receipts and share with AR Team to follow-up with Students;
 - Escalate the issue to the VCFA where the item is open for more than 3 months.
4. Treasury Head shall seek clarification from Bank in case any suspicious transaction is noted. Post confirmation of fraudulent transaction shall lodge claim against bank to recover the amount.
5. Treasury Team is responsible to validate and record any bank related fees and expenses (including foreign transaction processing fees) in line with agreed terms and conditions.

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Bank Guarantees


1. Treasury Team shall be responsible for custodianship of all Bank Guarantees related to advance payments and financial liabilities pertaining to future work provided by the Vendor.
2. Procurement Team shall be responsible for notifying the Treasury Team to release/ liquidate the Bank Guarantee in case of the following:
 - **Release of Bank Guarantee:** Confirmation on fulfilment of the contractual objectives, supported by a valid GRN/ SRN/ Milestone Completion Certificate.
 - **Liquidation of Bank Guarantee:** Failure for fulfilling the contractual objectives stated in PO/ Contract.
3. Treasury team shall record entry in Financial ledgers upon liquidation of Bank Guarantee.
4. On a monthly basis, Treasury Team shall be responsible for reporting to Finance Director the list of all Bank Guarantees currently in custody of Treasury Team, along with any liquidations performed during the month.

Liquidity Management

1. Liquidity Management at UOS comprises of following activity performed by Treasury Team
 - Generation of daily Bank Balance Report; and
 - Preparation of weekly Cash Flow Forecast for upcoming 13 weeks and determining cashflow requirement to ensure UOS's liquid assets do not fall below the pre-determined threshold.
2. Treasury team shall ensure UOS's liquid assets are not expected to fall below the pre-determined threshold, based on the forecasted inflows and outflows and operating expenses.
3. In case of cash shortfall, Treasury Team shall analyze and discuss the situation with all relevant stakeholders in order to determine the optimum strategy to cover a cash deficit, including (but not limited to):
 - Postponement of expenses;
 - Requesting for an extension on the payment deadline;
 - Liquidating existing investments;
 - Requesting for outstanding receivables settlement from Government sponsors;
 - Financing agreements with Bank

Investments

1. Treasury Team shall be responsible for investing the identified excess funds (above the pre-determined threshold) in line with UOS' "Investment of Fund" Policy.
2. University funds for purposes of allocation shall be divided into two asset groups:

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Long-term pool: Funds that are not expected to be required for operational purposes for a period exceeding one year.

Short term pool: Funds that are not expected to be required for operating expenditures within the next 13 weeks.

3. Long term pool of funds shall be invested in Fixed Deposits, while Short term pool of funds shall be invested in Short Term Deposits with banks which offer higher interest rate to yield daily return.
4. Renewal/ liquidation of deposits shall be made based on analysis of UOS liquidity positions and shall be approved by the same Authority approving the initial investment.
5. On a monthly basis, Treasury Team shall be responsible for generating a report of all deposits for Finance Director's review.

Financing Facilities

1. Treasury team shall be responsible for identifying financing facilities requirement, obtaining short-term and long-term loans (after appropriate approvals as per the DOA), repaying or settling the loans and recommending restructuring or renewal in accordance with the terms agreed with respective banks.
2. All financing facility requests shall be accompanied by a feasibility study for review. Furthermore, Treasury Team shall also review whether establishment of a lien on UOS's assets is required.
3. Prior to signing of the financing agreement documents, Legal Department shall review the non-financial contractual clauses to ensure UOS is legally secure.
4. Loan repayments and associated borrowing costs shall be recorded against the Bank Loan Statement and accordingly disbursed in line with the repayment schedule.
5. On a monthly basis, Treasury Team shall be responsible for reporting the outstanding exposure against availed facilities to the Finance Director.

Reporting

Treasury Team shall extract below (but not limited to) key reports for the purpose of reporting and to ensure close control over Treasury-related transactions:

- PDC Tracker Report
- List of inoperative/ dormant accounts
- List of all LCs with utilization status
- List of all Bank Guarantees with utilization status
- Cash Flow Report by reconciled & unreconciled transaction
- Bank Reconciliation Report