CASH MANAGEMENT AND CREDIT FACILITIES

Background

The Division recognizes its responsibility to fund operations by effectively managing cash flow and credit facilities and maximizing investments to achieve the highest return on investment while maintaining maximum security and appropriate liquidity.

Definitions

Liquidity refers to the ability of an asset to be converted to cash.

Rate of Return refers to the net gain or loss on an investment over a specified period, expressed as a percentage of the investment's initial cost.

Credit facilities refer to the type of loan. It may include, but no limited to, revolving credit, term loans, credit cards, bank overdraft, vehicle finances.

Procedures

With respect to cash management:

1. The Secretary Treasurer shall arrange for a financial agreement from financial institutions.
2. Cash balances shall not fall below levels of any externally restricted funds and such funds shall not be accessed for operational purposes.
3. Bank account reconciliations shall be completed monthly by the Secretary Treasurer and reviewed by a designated staff member of the Financial Services department.
4. Responsibility for the various cash management functions should be clearly assigned to different members of the Financial Services department.

With respect to investments:

5. Investment of funds shall be made in the following order of priority:
   5.1 Safety of the principal.
   5.2 Rate of return.
6. The Secretary Treasurer is authorized to invest funds, but those investments shall be restricted to those that may be invested under the Trustee Act or as otherwise permitted by the Minister of Education.

7. Investments shall be made taking into consideration available cash funds, payment schedules, large commitments, current interest rates and predicted interest rate trends with the goal of maintaining liquidity and maximizing the rate of return and interest income.

8. Funds shall be invested in a manner and time horizon that guarantees a positive cash flow and prevents the use of a higher cost operating loans or overdraft lending facilities.

With respect to credit facilities:

9. In situations when borrowing is required to meet operating or capital needs, the Secretary-Treasurer may initiate negotiating the respective credit facilities with prior approval of the Board of Trustees and meeting the requirements imposed by the Education Act.

Reference: Section 33, 52, 53, 222, Part 6 Education Act
Trustee Act