



## Investment Policy

*(Ratified by School Council: February 2016)*

### **PURPOSE:**

An investment policy is a requirement of the Department of Education & Training (DET), as a part of Internal Control procedures. It aims to provide clear and unequivocal guidelines to the school community, Principal and School Council as to how monies are to be invested on its behalf.

Its aims are to:

- Enable effective use of the School's surplus funds
- Promote maximum return on investment (ROI) whilst still ensuring funds are protected in secure investments with minimal risk exposure
- Enable a combination of capital growth and income for the School.

### **GUIDELINES:**

DET requires the School Council to ensure the investment institution of their choice is regulated by the Australian Prudential Regulation Authority so that investment institutions are:

- prudentially sound and secure
- professionally managed
- have strong financial status in its reserves, liquidity and profitability.

The following guidelines are to be applied:

- all investments or changes to investments to be approved by School Council.
- all investments are to be authorised by the Principal, School Council Committee Treasurer and minuted at School Council.
- all School Council bank accounts are to be maintained on CASES21 Finance and regular (monthly) financial reports provided to School Council. Each bank account must be reconciled each month and audited in accordance with DET policy.
- funds must be invested with financial institutions (specifically Banks and Credit Unions), which are regulated by the Australian Prudential Regulation Authority (APRA), and are listed by them as an Authorised Deposit –taking Institution (ADIs). These must be approved by School Council.
- Acceptable types of investment products with these institutions are as follows:
  - Cash Management accounts
  - Term deposit accounts
  - Accepted or endorsed bills of exchange
  - Negotiable, convertible or transferrable certificates of deposit

## **IMPLEMENTATION:**

- all investments are to be ratified on an on-going basis
- all payments for goods and services must be made from the Official Account
- all investments, apart from the High Yield Investment Account and the Official Account, are to be recorded in the Investment Register with the following details recorded;
  - date of lodgement
  - with whom invested
  - terms of investment
  - period, percentage rate and maturity date
  - amount invested
- the school's investment strategy is to be ratified annually and recommendations provided to the first appropriate School Council meeting in Term One of each calendar year
- school bank accounts are not permitted to become overdrawn. The transfer of money from one bank account to another should be authorised by the Principal and a report detailing transfers presented to School Council detailing each transfer
- Cash flow of the school is to be managed by the Business Manager, such that cash in the Official Account is sufficient to meet commitments
- The School Council must approve the investment of funds and the Principal must authorize the Business Manager to undertake such investment. All investments will be undertaken with reference to the schools required cash flow during the year
- All investment accounts will be included in the CASES21 financial system and the procedures for properly maintaining the accounts will be completed in accordance with DET guidelines
- All investments and interest income on investments should be recorded in an investment register maintained by the Business Manager of the school. The Register will contain date of lodgment, name of institution, terms of investment, period, percentage, rate and maturity date and the amount invested
- Measures for successful investment policy will be based upon an above average return on investment when measured against Top Investor Rates published daily in "The Age" newspaper.

**RELATED LEGISLATION:**

*Education and Training Reform Act 2006*

Education and Training Reform Regulations 2007 Section 36 (1)

School councils must comply with the ***Education and Training Reform Act 2006*** by ensuring that schools:

- expend all moneys received for proper purposes
- keep records explaining their financial operations and position
- follow financial processes and procedures that are effective, regularly audited, designed and managed to reduce risk with a separation of duties where appropriate.

**RELATED POLICIES:**

- *Internet Banking Policy*
- *School Purchasing Cards Policy*

**POLICY EVALUATION:**

Evaluation will be conducted annually by the Business Manager, Principal, Administration and Finance Committee of the School Council.

**DUE DATE FOR REVIEW:**

Due for review in February 2017.