

## **Investment Policy**

### **Rationale**

School Council has a responsibility to manage school funds and in doing so, has a responsibility to invest excess funds in a manner that generates the maximum interest revenue with institutions *that represent low risk*.

### **Aim**

To ensure maximum interest returns on low-risk investments and, the cash-flow needs of the school are not compromised by the investment of funds into inaccessible accounts.

### **Guidelines**

- The onus is on the School Council, as trustee of school funds, to ensure that money is adequately protected by placing it in secure investments.
- Due to the risk and complexity associated with some investments, schools should aim to minimize their exposure to risk when investing school funds.
- All school council bank accounts, except the High Yield Investment Account (HYIA), must be in the name of the School Council.
- Registered signatories at the bank for these accounts must comprise the Principal as a mandatory signatory, and a second co-signatory who must be a member of School Council and approved by council as a signatory. The business manager, cannot be nominated as a signatory to school accounts, even if that person is a school council member. However, the business manager can be nominated as the contact person for the accounts.
- All school council bank accounts are to be maintained on CASES21 Finance and regular (monthly) financial reports provided to school council, via the Finance sub-committee. Each bank account must be reconciled each month and audited in accordance with DET policy.
- 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 transfers must be presented to School Council each month

### **Investment of excess funds in other Investment Accounts**

Where School Councils elect to operate investment accounts in addition to the HYIA, the following guidelines are in place to assist council in discharging their responsibilities as trustees of school funds.

- School Councils are required to ensure that school funds are only 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). A full list of these financial institutions can be obtained from the APRA website at <http://www.apra.gov.au/adi>

- Treasury Corporation of Victoria (TCV)
- Victorian Funds Management Corporation (VFMC)
- Schools are able to invest in the following types of products with these institutions:
  - Cash Management accounts
  - Term deposit accounts
  - Accepted or endorsed bills of exchange
  - Negotiable, convertible or transferrable certificates of deposit
- The investment of school funds in shares or other financial products, or with other financial institutions not listed as an ADI under the APRA guidelines is not allowed.
- Where schools retain separate investments it remains essential to ensure that the maturity profile of the deposits is appropriate to the school's needs and that the following internal controls are in place.

**(a) School Council approved investment policy**

- School Councils should formally minute, and review annually, an investment policy which details the:
  - level of funds to be invested
  - term of the investment(s)
  - type of investment(s), with reference to the school's required cash flow during the year.
- School Councils should monitor investments for compliance with their policy.
- All investments, or changes to investments, should be approved by School Council and authorised by the Principal and a school council delegate.

**(b) Treatment of investments**

- All investment accounts must be recorded on CASES21 Finance and, except for the High Yield Investment Account, should be in the name of the School Council and recorded in an Investment Register.
- Schools should not deposit money directly to, or make payments directly from, an investment account. All receipts and payments must go through the school's Official Account with investment funds transferred to/from the investment account.

Exceptions to this are:

- interest earned and paid directly into an investment account
- funds deposited by the Department directly to the High Yield Investment Account
- schools with Australian Taxation Office endorsement for Deductible Gift Recipient status to operate a gift deductible trust fund (e.g. school library or building fund).
- On maturity of an investment, the School Council should review the cash requirements of the school and decide whether the funds are to be reinvested or utilised.

**(c) Investment register**

- Where schools choose not to use the HYIA as the sole investment instrument, details of all other

investments must be recorded in a manual investment register using headings such as:

- Bank account
  - Bank title
  - Account type
  - Interest rate %
  - Investment date
  - Maturity date
  - Account Balance
  - Deposits
  - Withdrawals
- The Investment Register must be updated with any changes to invested monies and regularly reconciled with bank statements and certificates.
  - Keeping the register up-to-date will facilitate end of year reporting requirements.

**(d) Information to be retained by schools**

- Schools should retain the following information in regards to investment of funds:
  - School Council minutes containing approval of investment policy, approval of investments and details of changes to investment account particulars
  - Investment Register
  - Bank statements or Certificates
  - Relevant CASES21 Finance reports
  - School Council Finance Sub-committee minutes kept

**Implementation**

- Berwick Chase will comply with all of the guidelines which have been detailed in this document.
- Investments will only be made that do not prohibit School Council from accessing school funds when needed. It is acknowledged that interest may be lost because of an early withdrawal from a term deposit.
- All investment, or changes to investments, will be approved by School Council and authorised by the Principal and a School Council delegate.

**Current Bank/Credit Union**

- First Bank (formerly known as Victorian Teachers Mutual Bank)
- Westpac Bank

**Evaluation**



- This policy will be reviewed annually.

*This Policy was ratified at School Council on 21<sup>st</sup> May 2018*