



Investment of College Funds

Rationale

College Council has the responsibility to monitor projected cash flow and the resulting levels of uncommitted funds. Interest income from the periodical surplus funds should be maximised within the boundaries of regular and orderly financial analysis and decision-making, and prudent selection of investments.

Implementation

- Investment Securities

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>

Schools are able to invest in the following types of products with these institutions:

- Cash Management accounts
- Term Deposits Accounts
- Accepted or endorsed bills of exchange
- Negotiable, convertible or transferable certificates of deposit.

- Amounts and Terms of Investments

After consideration of estimated future cash flows and commitments, the Bursar, Treasurer and Principal will recommend any changes to the college investment portfolio to the Finance Subcommittee.

- the Education and Training Reform Act 2006 Section 2.3.6 which states that a School Council does not have the power to form or become a member of a corporation

- Approval of Investments

Efficient management of an investment portfolio dictates that financial circumstances are reviewed and any required adjustments are undertaken more frequently than the incidence of normally scheduled Council meetings. In order to maximise investment income and ensure timely adjustments to the investment portfolio, the following will apply:

- *Recommendations for adjustment earlier than 14 days before the next scheduled Council meeting* can be authorised by the Finance Subcommittee. This adjustment will be reported at the next Council meeting as a delegated action.

- *Recommendations for adjustment within 14 days of the next scheduled Council Meeting*

The Finance Subcommittee will report the recommendations to Council for acceptance at the next scheduled council meeting.

- *'Roll-Over' Investments*

Where the term of an investment will mature at any time prior to a Council meeting and the recommendation is to 'roll-over' this investment in the same security, this may be authorised by the Finance Subcommittee. This will be reported to Council at its next scheduled meeting as a delegated action.

- *Unforeseen Financial Commitments*

In the event that unexpected financial commitments arise which would exceed the balance of the Official Account, the Principal and the Treasurer are authorised to immediately liquidate sufficient of

the investment portfolio to meet these contingencies. This will be reported to Council at its next meeting as a delegated action.

- 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

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).

- Authorisation of Investments
After approval of adjustments to the investment portfolio, the Principal (or his/her delegate) and the Treasurer (or his/her delegate) will authorise the adjustments with the relevant financial institution(s).
- Annual Review of Investments
The Bursar will provide an annual report to Finance Subcommittee for presentation to Council each June, which shows the amounts, terms, securities, rates of interest and interest income from the investments. Council may choose to evaluate the investment strategies employed and determine any modifications.

Review cycle and evaluation

The effectiveness of this policy will be reviewed as part of the College's four year review cycle