



TYPE	Organisation
PURPOSE	The purpose of the Investments Policy is to authorise and regulate the investments and management of Council's surplus funds to maximise return whilst ensuring security of fund placement and adequate cash flows to fund operations.
OBJECTIVES	<ul style="list-style-type: none">• To maximise Council's return on surplus funds while maintaining an acceptable level of risk;• To ensure the investment portfolio achieves optimum diversity in the following areas:<ul style="list-style-type: none">▪ range of investments;▪ range of institutions;▪ range of maturities (to align with cash flows); and▪ liquidity.
SCOPE	This policy applies to all activities undertaken by Council Officers involving the investment of the funds surplus to immediate operational requirements in accordance with the requirements of the Victorian Local Government Act.
DEFINITIONS	<p>At Call - means a short-term investment facility where deposits can be redeemed or rolled over at any time.</p> <p>Short Term Rating – (0-365 days) refers to the Institution's capacity to repay debt in the short term (e.g. Standard & Poors rating).</p> <p>Surplus Cash – funds that are deemed surplus to operations for periods greater than 7 days.</p> <p>Yield - the actual rate of return earned on investments made during a month expressed as an annual rate of return.</p>



POLICY	<p>Delegation of Authority Under the Authority of the Local Government Act the Financial Controller is given authority to invest temporary surplus funds in accordance with Council policy by the Chief Executive Officer.</p> <p>The Financial Controller may in turn delegate the day-to-day management of Council's investments. An Officer delegated authority to manage Council's investments shall be required to acknowledge that they have received a copy of this Policy and understand their obligations in relation to it.</p> <p>Legislative Restrictions All investments shall be made in accordance with Section 143 and 193 of the Victorian Local Government Act 1989, as amended.</p> <p>Any investments subject to legislative restrictions shall be subject to the same investment policy but shall be accounted for separately.</p> <p><u>Guidelines</u> To meet investment objectives Council must consider the following when carrying out investment functions:</p> <p>Diversification of Risk For Council to maintain a diverse portfolio it is important to invest with a variety of institutions and consider risk and therefore the following limitations are to apply:</p> <ul style="list-style-type: none">• Investments must be diverse across institutions. At the time of investing the principal, no more than 75% of the investment portfolio shall be invested with any one institution except by approval of the Chief Financial Officer.• The credit rating of an institution must be considered when making an investment decision.• All investments shall carry Standard and Poor's short-term rating "A" or above, except with the written approval of Chief Financial Officer.• Each institution that Council places funds with must have a credit agency rating of at least "A". <p>Investment Terms</p> <ul style="list-style-type: none">• Due to the fortnightly payroll and the weekly payments to creditors, Council needs to hold a sufficient level of cash in Councils at call account to cover Council operations daily.• The standard length of an investment will be between 7 days and 6 months.• No one single investment shall be for a maturity greater than six (6) months except by approval of the Chief Financial Officer.
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	<ul style="list-style-type: none">• No one single investment shall be greater than \$5 million other than 'at call' or except by approval of the Chief Financial Officer. <p>Interest rates</p> <ul style="list-style-type: none">• The actual monthly yield achieved on investments shall be benchmarked against the monthly 'at call' yield for Council's banker.• Not less than three quotations shall be obtained from authorised institutions prior to Council making an investment.• The quote which delivers the best value to the Council on the day shall be successful after allowing for account administration and transaction costs, and having regard for the Council's exposure limits will be chosen.• Investments shall be offered to institutions that quote the highest rate except where some other offsetting advantage is more strategic, for example, a significant local community support is demonstrated by the institution although the interest rate offered is lower than the highest obtained by not more than 0.10%, and the investment still complies with other investment clauses in this Policy. <p>Cash to be transferred using the At Call Account and General Account</p> <ul style="list-style-type: none">• Funds may be transferred electronically and will be authorised by two officers who have delegation to approve transfers from the at call account.• Interest earned on investments on maturity must be redeemed to Council's general bank account.• All funds that are being redeemed must be directly credited to Council's at general bank account. <p>Shares</p> <ul style="list-style-type: none">• Where shares are acquired in donation or contribution for any reason, it will be at Council's discretion to either return or retain the shares.• If Council decide to retain the shares, they will be accounted for in accordance with Australian Accounting Standards, including disclosure in the Annual Report <p>Land and Other Property Holdings</p> <ul style="list-style-type: none">• Council will not invest in Land and Buildings or property other than permitted in this policy• Where property is acquired for development of a specific project and income is earned until the project commences, the property
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	<p>may be classified and accounted for as Investment property in accordance with AASB 140.</p> <ul style="list-style-type: none"> • If the project is cancelled or relocated, it will be at Council's discretion to sell the property. <p>Prudent Person Standard</p> <ul style="list-style-type: none"> • The investment will be managed with care, diligence and skill that a prudent person would exercise. Officers are to manage the investment portfolios to safeguard the portfolios in accordance with the spirit of this Investment Policy, and not for speculative purposes. <p>Ethics and Conflicts of Interest</p> <ul style="list-style-type: none"> • Officers shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This policy requires officers to disclose any conflict of interest to the CEO. <p>Reporting</p> <ul style="list-style-type: none"> • Documentary evidence must be held for each investment and details maintained in the Investment Register by Councils Treasury Officer. • The investment register is reconciled to the General Ledger monthly. • For audit purposes, the Finance Team must obtain from the financial institutions certificates confirming the amount of investment held on Council's behalf as at the 30th June each year and reconciled to the MPS Investment Register. • Investments shall be measured and presented in the Annual Report in line with Australian Accounting Standards.
<p>RESPONSIBILITY</p>	<ul style="list-style-type: none"> • Chief Financial Officer: for the approval of investments greater than \$5 million and approval of investments that result in the allocation of more than 75% of the total portfolio to that institution. • Financial Controller: for ensuring the policy and procedures are implemented and maintained. • Finance Manager/Deputy Finance Manager: for monitoring the monthly yield achieved and comparing it to the monthly 'at call' yield for Council's bankers, for overseeing day to day investing activities and authorising investments within this Policy. • Treasury Officer: for the daily monitoring of cash and investments, recommending investments to the Financial Accountant within this Policy, carrying out daily the investing/redemption function as required, computing monthly yield and ensuring that the Investment register is up to date at all times.
<p>RELATED</p>	<ul style="list-style-type: none"> • Cash Handling and Banking Policy



POLICIES	<ul style="list-style-type: none"> • Procurement Policy • Retention of Financial Records • Staff Code of Conduct Policy • Fraud Prevention Policy • Discipline Procedure Policy • Police Records Check Policy 		
RELATED LEGISLATION	Victorian Local Government Act 1989 - Section 143.		
REFERENCES	Nil.		
APPROVED	Executive May 2018 / Council July 2018		
REVIEW / APPROVAL SCHEDULE	<p>All policies must be reviewed within a four year cycle – in line with a council term to ensure consistency with the council plan. Best practice dictates that Finance Policies also be endorsed by the Audit Committee (AC).</p> <p>An informal annual review ensures that any new information, including risks, processes and methodology of continual improvement through business best practice is always captured.</p> <p>Policies that have been on an annual review that do not require any changes through at least two cycles may be moved to a 2 or 3 year cycle if it is likely that the legislation or the political climate has no major changes, and the policy is working for the organisation or the community. (Refer to source: 'Policy Development Framework and Guide', MPS, https://objectiveapp.ad.mps/id:A4307683).</p>		
Exec Approval Due	May 2018	Exec Approval Date	January 2018
Council Approval Due	May 2018	Council Approval Date	July 2018
Review Due	May 2019	Review Date	
Review Due	May 2020	Review Date	
Review Due	May 2021	Review Date	
Exec Approval Due	May 2022	Exec Approval Date	
Council Approval Due	July 2022	Council Approval Date	