



Investment Policy 2018

Rationale

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

Aims

- To ensure that the school comply with the Centralised Treasury and Investment Policy. This policy centralises the borrowing and investment powers of state entities with the State's central finance agencies, The Treasury Corporation of Victoria and The Victoria Financial Management Corporation.
- To ensure that invested money is adequately protected by placing it in secure investments.
- To ensure the cash flow needs of the school are not compromised by the investment of funds into inaccessible accounts.
- To ensure maximum interest returns on low-risk investments.

Guidelines for implementation

- All School Council bank accounts, except the High Yield Investment Account, will 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, registrar or bursar employed by the school cannot be nominated as a signatory to school accounts, even if that person is a school council member.
- 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.
- 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 each month.

High Yield Investment Account (HYIA)

- All grants and other payments from the Department of Education and Training will be paid into the High Yield Investment Account.
- All other revenue received by the school will be paid into the Official Account not the High Yield Investment Account.
- The school will transfer funds from the HYIA into the Official Account on a needs basis and vice versa.
- Payments for goods and services must be made from the Official Account not the High Yield Investment Account.
- The interest gained from the High Yield Investment Account will be paid directly into that account.

Investment of Funds in other Investment Accounts

- School Council must consider whether or not it should leave excess funds in the High Yield Investment Account, or seek other investment opportunities. The Finance sub-committee of School Council will monitor and make recommendations regarding investment of funds to School Council.
- School Council is 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>

- The school is 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.
- All investments, or changes to investments, should be approved by School Council and authorised by the Principal and a School Council delegate.
- All investments will be made in the name of School Council and be reported through CASES 21.
- School Council will maintain a manual Investment Register for all investments other than the High Yield Investment Account. The register will detail the investment institution, account type, account number, investment date, account balance, deposits and withdrawals, and terms of the investment including interest rate, maturity date and interest earned. The Investment Register will be updated with any changes to invested monies and regularly reconciled with bank statements and certificates.
- The school will not deposit money directly to, or make payments directly from, an investment account. All receipts and payments will go through the school's Official Account with investment funds transferred to and 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.
 - Australian Taxation Office endorsement for Deductible Gift Recipient deductible trust funds (e.g. school library or building fund).
- On maturity of an investment, School Council should review the cash requirements of the school and decide whether the funds are to be reinvested or utilised.
- The cash-flow requirements of the school must be monitored to ensure that there are sufficient funds available to meet commitments.
- School Council will formally minute, and review annually, an investment policy which details the level of funds to be invested, term of the investment(s) and type of investment(s), with reference to the school's required cash flow during the year.
- School Council will monitor investments for compliance with the policy.

Evaluation

This policy will be reviewed (at least once per year) by School Council to confirm/enhance controls.

References:

- [Department of Treasury and Finance](#)
- [DET Schools Investment Policy and Guidelines](#)
- [DET High Yield Investment Account Guidelines](#)
- [DET School Cash Reserve Benchmark Guidelines](#)
- [DET School Policy and Advisory Guide -Finance](#)

Ratified by School Council - 27th February 2018