

Investment Policy

North Melbourne Primary School

Issue Date: 30/08/2018

Review Date: 30/08/2021

SCHOOL Nº 1402



PURPOSE

To ensure maximum interest returns on low-risk investments.

SCOPE

This policy applies to all school staff who are involved in cash management and determining funds for investment.

POLICY

The school council has full responsibility for monitoring school funds and deciding if there is the opportunity to invest surplus funds to generate interest revenue for the school.

The school should ensure that they 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, Treasury Corporation of Victoria (TCV) and Victoria Financial Management Corporation (VFMC).

High Yield Investment Account (HYIA)

The HYIA was established by the Department to assist schools with cash flow planning and, in the event of surpluses being identified, to provide schools with an attractive and competitive interest rate on the funds invested, while still retaining an 'at call' status.

Use of the HYIA greatly simplifies the establishment of the School Council's investment policy and eliminates the need for the ongoing maintenance of an investment register.

All Department grants are deposited directly into the HYIA.

Other Accounts

Schools may operate other accounts such as Deductible Gift Recipient funds (DGR) approved tax deductible funds, e.g. building funds, library funds

Investment of excess funds in other Investment Accounts

The 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>

- Treasury Corporation of Victoria (TCV)
- Victorian Funds Management Corporation (VFMC)



The school is also 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 specified above, is not allowed.

The school must remain compliant with the requirements in 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.

Where the school retains 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)

- The school Council should formally minute, and review annually, the investment policy for of 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.
- The school Council should monitor investments for compliance with this 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
 - recorded in an Investment Register.
- The school 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

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- Account
 - if the school has an 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 with these headings:
 - Bank account (name and number)
 - 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.
- Keep the register up-to-date to facilitate end of year reporting requirements.

(d) Information to be retained by the school

- The school 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