# Purposekuyung1

\* An investment policy is a requirement of the DEECD as part of internal control procedures. It aims to give clear guidelines to the school community, principal and school council as to how monies are to be invested on its behalf.

\* School council will ensure that the investment institution chosen will be:

- prudentially sound and secure;

- professionally managed;

- has strong financial status in its reserves, liquidity and profitability.

#### Guidelines

\* Only low risk investments are to be undertaken.

\* Cash flow of the school is to be such that cash in the Official account is enough to meet commitments. The term of any investment should be considered carefully in conjunction with the school’s predicted cash flow, annual budgets and any major projects.

Our 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>

We 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 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) School Council approved investment policy**

* School Council 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 Council 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.
* We 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 Deductable 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
* The School’s approved ‘School Council Investment Policy’
* Investment Register
* Bank statements or Certificates
* Relevant CASES21 Finance reports

**Ratified by School Council (date): March 2017**

**Year for Review March 2018**