



INVESTMENT POLICY

Rationale:

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.

Aim:

To provide interest revenue to the school by utilising all funds in an efficient manner and ensuring funds are invested in compliance with Department of Education and Early Childhood Development Policy (DEECD) and Guidelines.

Implementation:

Bank Accounts:

All school council bank accounts, except the High Yield Investment Account, must 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 DEECD policy.

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.

Official Account

The Official Account is used for the receipt of money provided from local and commonwealth government sources, and locally raised funds such as subject contributions, donations and fund-raising activities.

Choice of financial institution where we hold our Official Account should take into consideration fees and charges and access to a branch for secure depositing of funds.

Under no circumstances should the Official Account become overdrawn, or cheques knowingly be drawn on the Official Account where there are insufficient funds to meet the payment.

High Yield Investment Account (HYIA)

All DEECD grants are deposited directly into the HYIA.

- Transfers of funds from the HYIA into the Official Account are allowed at any time, and vice versa.
- Surplus funds from the Official Account can be deposited into the HYIA to maximise interest revenue.
- All payments for goods and services must be made from the Official Account.
- All other revenue received by the school is to be paid into the Official Account.
- The interest gained from the HYIA is paid directly into that account.

Other Accounts

We 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

Where school council elects to operate an investment account/s in addition to the HYIA, the following guidelines are in place to assist council in discharging our responsibilities as trustees of school funds.

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>

Investments in the following types of products with these institutions are allowed:

- 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.

Schools should also be reminded of the compliance 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 schools retain 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 Councils 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 Councils 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.
- 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).
- 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 (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 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

Reference: <http://www.education.vic.gov.au/school/principals/finance/Pages/guidelines.aspx> School Investment Policy and Guidelines V1.3

This policy will be reviewed by School Council as part of the four-year review cycle. (Ratified: March 2013)