

Policy Title: Investment
Policy No: 108
Policy Subject: Financial Operations

Department: Community & Corporate Services
Section: Finance

Responsible Officer: Manager Finance
Authorised by: North Burnett Regional Council

Adopted Date: Budget Meeting – 8/07/2014
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Version	Decision Number/Council meeting or CEO Approval	Decision Date	History
1	Policy & Strategy Meeting	06/05/2008	Created for 2008/2009
2	Budget Meeting	23/06/2009	Revised for 2009/2010
3	Budget Meeting	28/07/2010	Revised for 2010/2011
4	Budget Meeting	23/06/2011	Revised for 2011/2012
5	Budget Meeting	07/08/2012	Revised for 2012/2013
6	Policy & Strategy Meeting	16/07/2013	Revised for 2013/2014
7	Budget Meeting	08/07/2014	Revised for 2014/2015

Authorities: *Local Government Act 2009*
Local Government Regulation 2012
Statutory Bodies Financial Arrangements Act 1982 (SBFA)
Statutory Bodies Financial Arrangements Regulation 2007 (SBFAR)

INTRODUCTION:

Scope

To provide guidance and a framework for Officers involved in the investment of surplus funds controlled by Council that are not required for financial commitments within the short to medium term.

Funds Available for Investments

Funds on hand less any funds committed to projects and or constrained funds (funds allocated for operational requirements).

Investment Policy

Council is required to produce an Investment Policy under *section 191* of the *Local Government Regulation 2012* and *section 104 (5) (c)* of the *Local Government Act 2009*.

(1) A local government must prepare and adopt an investment policy.

(2) The investment policy must outline –

(a) The local government's investment objectives and overall risk philosophy; and

(b) Procedures for achieving the goals related to investment state in the policy.

OBJECTIVES:

Primary Objective

To ensure protection of Councils investment funds while obtaining the most beneficial return for Council, with due recognition given to the risk profile of the institution being invested with.

To ensure compliance with the legislative frameworks outlined above when investing Council funds.

Secondary Objective

To designate the financial institutions to be approached for quotes.

To ensure that appropriate records are kept and that adequate internal controls are in place to safeguard public monies.

PRINCIPLES:

Guidelines

Council's investment portfolio should be realisable, without penalty, in a reasonable timeframe, in accordance with operational requirements.

Authorised Institutions

Only those institutions identified as suitable under the Category 1 Investment Powers conferred by *SBFA S44 (1)(d)* & listed on the APRA website as Authorised Deposit Taking Institutions (ADI's).

In addition the investment institution is rated in accordance to *(SBFAR) S8* and complies with the relevant investment rating as outlined in *(SBRAR) S10*.

Quotations on Investment

With the exceptions of monies put with the QTC capital guaranteed cash fund, at least three (3) quotations shall be sought from authorised institutions whenever an investment is proposed. The best quote on the day will be successful after allowing for administrative and banking costs, as well as having regard to risk factors and the limits set below. Council will also test any offers made by assessing the interest rate in the QTC fair value tool.

While having regard to the above, Council is a local community service organisation and at times will invest funds with local bank branches to ensure their continued support of and presence in the community. These investments will not be subject to competitive quoting but must provide a reasonable return to Council.

Term to Maturity

The term to maturity of any Council investment may range from “At Call” to one (1) year.

Placement of Investment

When placing investments, consideration will be given to the relationship between credit rating and interest rate and Council’s objectives. In diversifying Council’s investment portfolio Council will ensure funds are invested according to *(SBFAR) S10*. To minimise risk Council will manage investments so that there is an acceptable range of investment institutions used.

1. Not less than 60% of investment funds in AA rating or above or Queensland Treasury Corporation;
2. Up to 40% of investment funds within an institution within the A rating range; and/or
3. Up to 20% of investment funds within an institution with not less than BB rating

Internal Controls

Council is at all times to have in place appropriate internal controls to prevent the fraudulent use of public monies. The following controls detail the minimum that is required:

- A person is to be identified as the responsible officer for the investment function.
- All investments are to be authorised by the Chief Executive Officer or nominated delegate.
- Confirmation advices from the Financial Institution are to be attached to the Investment Authorisation Form as evidence that the investment is in the name of North Burnett Regional Council.
- A person other than the responsible officer is to perform the bank reconciliation at the end of each month.

CEO’s Responsibility

Council has a number of duties when investing funds. These are outlined in *S47* and *S48* of the *SBFA* and *S8* and *S10* of the *SBFAR*.

Council must use its best efforts to invest its funds;

- a) At the most advantageous (risk adjusted) interest rate available to it;
- b) In a way it considers is most appropriate in all the circumstances and,

Council must keep records that show it has invested in the way most appropriate in all the circumstances and retain documentary evidence of the investment.