

SCHOOL INVESTMENT POLICY

Policy Statement

School Council is responsible for monitoring school funds and determining if there is the opportunity to invest surplus funds to generate interest revenue for the school. To maximise the funds available for investment, it is essential to prepare a cash flow budget to determine cash requirements in any given period.

Carlton North Primary School (CNPS) will 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 (VFCM).

The policy and associated frequently asked questions can be accessed on the [Department of Treasury and Finance website](#). The Centralised Treasury and Investment Policy has been developed to assist schools to identify the potential for investment of excess funds and to determine an appropriate cash reserve or "safety net". The school's Financial Guidelines are available on the Department of Education and Training (DET) website: <http://www.education.vic.gov.au/school/principals/finance/Pages/guidelines.aspx> including the school's Investment Policy & Guidelines, from which this policy is taken, and the school's Cash Reserve Benchmark Policy & Guidelines, which sets a minimum reserve of \$10,000.

CNPS is required to complete a Financial Commitment Summary annually as part of the Financial EOY procedures to identify the intended use and allocation of funds held by the school, that are in excess of the school's Cash Reserve Benchmark.

School Council, as trustee of school funds, will ensure that money is adequately protected by placing it in secure investments. Due to the risk and complexity associated with some investments, School Council will aim to minimize the exposure to risk when investing school funds.

Aim

To provide guidelines and processes to support School Council in monitoring school funds and determining investment opportunities that are compliant with DET School Investment Policy and Guidelines.

Guidelines/Implementation

School Council is responsible for overseeing the school's financial performance. It is a legal and Departmental requirement that Council makes sure that monies coming into the school are being properly expended and authorised.

To ensure this happens, School Council is responsible for ensuring that the school has a functioning, effective system of internal controls. These internal controls ensure that:

- all financial activity within the school is sound, accurate and legal,
- the school's assets are safe, and
- School Council can rely on the accuracy of the financial information it receives.

It should be noted that School Council helps develop the school's program (non-staff) budget that shows how the school will allocate its resources to implement the key improvement strategies in the school Strategic Plan

and Annual Implementation Plan. Council then monitors the school's financial performance against the budget in conjunction with the Principal. School Council Finance Sub-Committee monitors School Council's routine financial responsibilities.

The processes outlined below align with DET Guidelines.

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 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 CASES2I 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 second co-signatory and a report detailing transfers presented to School Council each month.

Official Account

- The school will operate one main bank account known as the School Council 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 fundraising activities.
- The School may choose the financial institution at which to hold their Official Account taking 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)

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 a 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. Basic policy for the HYIA is as follows:

- Schools are able to transfer funds from the HYIA into the Official Account 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.
- No account-keeping fees or transaction charges are applied to the HYIA.

Other Accounts

The School operates two Deductible Gift Recipient funds (DGR) approved tax deductible funds. These are the CNPS Building Fund and CNPS Library Fund.

Investment of excess funds in other Investment Accounts

Where CNPS School Council elects to operate investment accounts in addition to the HYIA, the following guidelines are in place to assist Council in discharging its responsibilities as trustee 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>
- Treasury Corporation of Victoria (TCV)
- Victorian Funds Management Corporation (VFCM)

CNPS 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 transferable 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.

Where CNPS 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

- CNPS 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 our 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 Account
- operation of the CNPS Building Fund and Library Fund, as Australian Taxation Office endorsed Deductible Gift Recipient funds.
- 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 CNPS chooses 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 the school

- CNPS 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

Links and Appendices

Evaluation

This policy will be reviewed by 2021 or sooner if required.

This policy was ratified by School Council on 9 August 2017.