



Doomadgee Aboriginal Shire Council Policy

Policy Name:	Investment Policy
Policy Number:	2
Policy Type:	Statutory
Link to Corporate Plan	Key Governance – Financial Management
Date Approved:	31/07/2017
Resolution Number:	SM8-07/17
Approving Officer:	Council Adoption

Section 1 – Introduction

Context

This policy applies to the investment of all surplus and operating cash held by Doomadgee Aboriginal Shire Council.

Purpose

The intent of this policy is to detail the Doomadgee Aboriginal Shire Council's investment policy and guidelines regarding the investment of surplus funds and operating funds, with the objective to maximise earnings within approved risk guidelines and to ensure the security of funds.

Scope

Doomadgee Aboriginal Shire Council is required under *Local Government Act 2009* to have an Investment policy. For the purpose of this policy, investments are defined as arrangements that are undertaken or acquired for producing income and apply only to the cash investments of Doomadgee Aboriginal Shire Council.

Doomadgee Aboriginal Shire Council has been granted authority to exercise Category 1 investment power under Part 6 of the *Statutory Bodies Financial Arrangement Act 1982* (the Act). Category 1 investments include a range of investments either at call or for a fixed term of not more than one year. At call refers to simple investments where the investment can be redeemed and the monies invested can be retrieved by the investor from the financial institution within thirty days without penalty.

Section 2 – Policy

Principles

The Doomadgee Aboriginal Shire Council Investment Policy and the following procedures is committed to, and guided by the principles of:

- Doomadgee Aboriginal Shire Council is risk averse and therefore adopts a passive investment approach where the overall objective is to ensure a return on capital commensurate with the risk taken. In priority, the order of investment activities shall be preservation of capital, liquidity and return. Doomadgee Aboriginal Shire Council investments shall be reported to Council via the Operational Plan and breaches of policy shall be reported to Chief Executive Officer (CEO) or Director of Corporate Services (DCS) immediately.
- Council may invest surplus funds in a capital guaranteed cash fund or any approved cash management product which it deems will provide the greatest benefit. Surplus funds are the cash balance that is in excess of operating cash requirements. Operating cash not required for immediate use can also be invested in at call deposits to maximise returns in the short term. Operating cash is the cash required to fund operating activities for the immediate short term (less than one month).



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- It takes into account cash inflows (e.g. debtor and other receipts) and outflows (e.g. creditor payments, wages etc.) for that time. For the purposes of this policy, investable funds are the surplus monies available for investment at any one time and currently include Doomadgee Aboriginal Shire Council's CBA General Account, CBA Investment Account and QTC Capital Guaranteed Cash Fund.

Investment Objectives and Expectations, Authorised and Prohibited Investments and Delegation of Authority

Authorised Investments:

Without specific approval from Council or CEO as delegated by Council, investments are limited to –

- QTC Cash Fund;
- QTC Capital Guaranteed Cash Fund, debt offset facility, fixed rate deposit (up to 12 months and QTC Working Capital Facility);
- CBA Term Deposits (up to 12 months); and
- CBA at call deposits.

Prohibited Investments:

The following investments are prohibited by this investment policy:

- Commercial paper;
- Bank accepted/endorsed bank bills;
- Bank negotiable certificates of deposit;
- Short term bonds
- Floating rate notes;
- Derivative based investments
- Principal only investments or securities that provide potentially nil or negative cash flow
- Standalone securities issued that have underlying futures, options, forward contracts and swaps of any kind; and
- Securities issued in non-Australian dollars.

Delegation of Authority

The Chief Executive Officer (CEO), Director of Corporate Services (DCS) and Finance Manager are to ensure that this policy is understood and adhered to by relevant Council employees.

The activities of the CEO, DCS, Finance Manager or other staff so delegated responsible for stewardship of Doomadgee Aboriginal Shire Council's investments will be measured against the standards in this Policy and its objectives.

Activities that defy the spirit and intent of this Policy will be deemed contrary to the Policy. Financial delegation is the power to authorise the investing of money, by signing and authorising electronic transfers of money as authorised by Council.

Transfers to/from the CBA Investment may be authorised by the CEO or DCS. Transfers to/from QTC must be authorised with any two signatories one of which must be the CEO, DCS or Mayor.

The Finance Manager may sign the QTC letter as a secondary signatory.



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Section 3 – Procedure

When making a decision to invest funds in a term deposit, a cash flow analysis should be prepared to separate surplus and operational funds to ensure the investment will agree with the cash flow needs of Council.

Commonwealth General Account:

The CBA account is a cheque account. It is necessary that the balance of this account is checked each day and any excess funds in excess of daily operating funds be transferred to the CBA Investment account by the close of business.

If there has been a substantial deposit of more than \$400,000, it would be preferable to transfer the funds direct to the CBA Investment Account or QTC.

Commonwealth Investment Account:

Funds are transferred to and from the CBA Investment Account via the CBA General account regularly to maximise the return on operating funds. Any surplus funds should be transferred to the QTC or a CBA Term Deposit depending on the amount. Preference is given to the QTC as the interest rate is higher.

A minimum balance of \$40,000 is to be maintained in this account. It is preferable that a balance of up to \$800,000 is maintained in this account for operational purposes. Once the balance exceeds \$1,000,000 the excess should be held in QTC.

It is quicker to do an internal transfer between the BCA General Account and the CBA Investment Account, as the QTC has a 10:00am cut off to draw down the funds.

Queensland Treasury Corporation (QTC)

If investing or drawing funds from the QTC they must be notified by 10:00am. The funds can be withdrawn as a real time payment to Council or the next day for the same fee.

QTC can offer a higher rate of interest than the CBA, therefore if there is more than \$1,000,000 in the CBA General or CBA Investment Account that is not required for operational use, the excess should be invested in QTC.

Section 4 – Internal Controls

All transfers between CBA Accounts are processed electronically. The file is uploaded by Finance staff and must be approved by 2 approving officers – Chief Executive Officer, Director of Corporate Services, or Finance Manager before the transaction is processed.

User accounts with the CBA Connect Module are controlled by user permissions enabling staff to process certain transactions delegated to them. These permissions can only be changes by the security officers (CEO/DCS) and are usually made on the Finance Manager's recommendations.

QTC transfers require a prior phone call to QTC and a faxed letter with two signatures before the transaction is processed. Authorised signatures for QTC are CEO, DCS or Mayor. Hard copies of all bank transfers are kept in the Investment register.

Section 4 – Reference and Supporting Information

Supporting documentation

Links to supporting documentation	



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Section 5 – Governance

Policy is governed by the following legislation

Name	Link
<i>S104 Local Government Act 2009</i>	www.legislation.qld.gov.au/LEGISLTN/CURRENT/L/LocalGovA09.pdf
<i>S191 Local Government Regulations 2012</i>	www.legislation.qld.gov.au/LEGISLTN/CURRENT/L/LocalGovR12.pdf
<i>Part 6 Statutory Bodies Financial Act 1982</i>	www.legislation.qld.gov.au/LEGISLTN/CURRENT/S/StatutryBodA82.pdf

Responsibility

Responsible Department:	Corporate Services
Policy Administrator:	Chief Executive Officer

Review

Review Period:	Annually
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Privacy Provision

Council respects and protects people's privacy and collects, stores, uses and discloses personal information responsibly and transparently when delivering Council services and business.

Change History

Review Date	Revision Number	File Reference:	Approval Date	Change:	Date of Next Review
17/05/2012	1	10-5/2012	17/05/12		17/03/2013
18/06/2013	2	47-06/2013	27/06/2013	References to Accountant changed to Finance Manager	18/06/2014
15/05/2014	3	50-05/2014	15/05/2014	Annual Review – No Changes	15/05/2015
21/04/2016	4			Annual Review	21/04/2017
17/03/2017	5			Annual Review – Updated Format – draft	01/03/2018
31/07/2017	6	SM8-07/17	31/07/2017	Annual Review – Adopted	01/06/2018