

## **INVESTMENT POLICY**

### **General Statement**

The 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. To maximize the funds available for investment, the school prepares a cash flow budget to determine cash requirements in any given period.

The onus is on the School Council, as trustee of school funds, to ensure that money is adequately protected by placing it in secure investments. All investments have an element of risk with the exception of those that are guaranteed either by the Commonwealth or any State Government in Australia.

The investment must:

- Be prudentially sound and secure
- Be professional managed
- Have strong financial status in its reserves, liquidity and profitability

### **School Accounts**

Other than the Official School Account, the school operates two other accounts: A High Yield Investment Account and a Deductible Gift Recipient Account (building fund).

#### **High Yield Investment Account (HYIA)**

The HYIA was established by DEECD 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 DEECD 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.

#### **Deductible Gift Recipient Fund**

The school operates a Deductible Gift Recipient fund which is an approved tax deductible fund that can be used to raise money through donations for building funds, buy a brick campaigns, library funds etc.

## **Other Accounts**

The school can set up and operate other accounts such as cash management accounts or term deposits.

In the event that other accounts are set up, School Council should ensure that funds are invested in safe securities that attract the best interest rate available. The highest rate is not necessarily the best rate or the safest investment.

In the case of term deposits or fixed term investments, when the investment matures, the School Council should review the cash requirements of the school and decide whether the funds are to be reinvested or not. All investments, including reinvestments, must be made by a conscious decision of the School Council and recorded in the Council minutes.

School Councils should regularly monitor the status of all School Council deposits and investments.

Where investments are made by transferring amounts from the official account to a term deposit investment account without drawing a cheque, the following procedures are to be followed:

- A written advice, signed by signatories to the school's official bank account, is to be forwarded to the bank authorising the transfer of the amount and advising the period of investment.
- When the funds are invested, the date of lodgement, the type of investment and the amount invested are to be recorded in the receipts and payment journal and reports presented to School Council monthly.
- On maturity, funds not being reinvested and the interest earned are to be transferred to the account from which the funds were originally drawn. A receipt need not be issued. However, an entry is to be made in the receipts side of the cashbook.

## **Investment register**

Fixed term investments held are to be recorded in an investment register. The following details must be recorded:

- Date of lodgement
- With whom invested
- Terms of investment period, percentage rate and maturity dates.
- Amount
- Source of moneys invested: that is, government-provided/locally raised funds.

Certificates or other evidence of investments must be kept in a secure place.

## **Period of Investment**

The period of investment can be best determined by cashflow analysis that takes into account the experience of previous years.

## **Source document:**

[Schools Investment Policy & Guidelines, January 2013](#)