

Financial Policy 6 – INVESTMENT**Objective**

- To provide accountability when dealing with the investment of surplus Council funds
- To ensure surplus Council funds are managed to achieve the best financial result with the minimum risk while retaining access to funds for cash flow purposes

Legislative Compliance

Local Government Act 1995 (Financial Management) Regulations 1996 (as amended), Regulation 19, Part III of the Trustee Act 1962

Policy**Approved Institutions**

1. All funds surplus to immediate requirements will be invested in appropriate interest bearing accounts with the Westpac Banking Corporation, the Shire's banking institution, or an authorised institution as defined in Local Government (Financial Management) Regulation 19C
2. Surplus funds include those in municipal, reserve and trust funds, provided that such funds are kept separate in accordance with the Local Government (Financial Management) Regulations 1996, Local Government Act 1995 and the Trustee Act 1962 Part 3.

All interest earned from the investment of surplus funds will be returned to the fund from which the investment was made; namely the municipal, reserve or trust accounts. In other words, interest from reserve fund investment will be returned to the reserve fund; interest from trust accounts returned to the trust account; and interest earned from the municipal account returned to that account.

Authorised Investments

In accordance with the powers conferred on it by the Local Government Act 1995 Section 6.14 (2), the Local Government (Financial Management) Regulations 1996 and the Trustee Act 1962 Part 3, Authorised Investments shall be limited to Australian currency only. The only two financial vehicles that Council may invest in are described as below.

1. The Shire may invest in an interest bearing account chosen will either be a fixed term deposit account, for a term not exceeding 12 months under Section 19C of the Local Government Act (Financial Management) Amended Regulations 2012 or an at call deposit account, depending on predicted cash flow requirements.

- The Shire may also invest in bonds that are guaranteed by the Commonwealth Government or a State or Territory and which have a term not exceeding three years.

Delegation of Authority for Authorised Investments

- The Chief Executive Officer is delegated with the authority to decide on the investment of funds in each case
- The Chief Executive Officer is responsible for ensuring that proper documentation and other internal procedures are established and maintained that provide directions to be followed by employees to ensure effective control over investments.

Upon the expiry of a fixed term deposit, the Manager of Finance and Administration is to recommend to the Chief Executive Officer the renewal and rollover of the fixed term deposit or its transfer to the operational account or part thereof as needed.

The Manager of Finance is to report to the next available Council meeting the recommendation given to and action taken by the Chief Executive Officer.

- The Chief Executive Officer will report annually to Council on the municipal, reserved and trust account monies that have been invested and the interest returned on these investments.
- Nothing in this policy detracts from the Shire's current holding in shares purchased when the Shire managed the Christmas Island Supermarket to take advantage of a purchasing arrangement for supermarket stock.

Key Performance Indicators

The extent to which interest on investments represents a good return for the funds so invested.

Cash flow is not detrimentally impacted by the investment of surplus funds The extent to which regional suppliers are successful tenderers for goods and services

Key Words

Investments, surplus funds, interest, cash flow

Versi on	Approved, Amended, Rescinded	Date	Officer	Resolution number	Key changes/ notes	Next Review date	File Ref No.
1	Approved	6/6/2006	CEO				2.11.30
2	Approved	26/9/17	Finance Manager Gan	88/17	None	2019	2.11.30
3	Approved	27/9/2022	GRPG	89/22	None	2024	2.11.30