

Wodonga Senior Secondary College Policy Manual	400 COUNCIL/FINANCE 416 Investment Policy	Page: 1 of 1 Issue No: 1.0 Date: Nov 2005
SoF Reference Guide: _____		
Associated Processes:		Associated Documents:

INVESTMENT POLICY

RATIONALE:

This policy is to identify the college's investment goals, risk profile and cash flow requirements, then set general guidelines on how the college is to invest funds. The ultimate investment goal of the college is to provide the maximum funds for the future operations and development of the college.

Specifically the goals of investment are to:

- assist in providing for future building works and major asset purchases,
- assist in meeting the costs of major repairs and maintenance works,
- provide a steady income stream to assist in the provision of programs,
- enable the college to make best use of special funding offers,
- maximise the return on any excess cash that may be held by the college from time to time.

The cash needs of the college are mixed. The college has been identified with having three types of cash flow needs, as summarised below;

- 30 day investment, for meeting monthly expenses, and making the best use of surplus funds
- 1-6 month investments, for meeting unexpected major expenses or funding details
- 6 months or more, for allowing for capital works or major asset purchases budgeted for on an annual basis.

Guidelines

The college council is obliged to meet the "prudent investor test" under the Trustee Act. Accordingly, the college's risk profile is assessed as low risk/low aggressive. This requires that the investment bodies have the following characteristics:

- prudentially sound and secure
- professionally managed
- have strong financial status in its reserves, liquidity and profitability.

Based on this the following guideline has been developed:

Short term (30 day) investments

Use: to be used to invest surplus funds from the college's operating account.

Redeemable on a monthly basis to cover the monthly operating expenditure.

Excess amounts of short term investments to be transferred to medium term investments as they mature providing the interest rate is competitive with short term rates.

Types: At call cash management accounts, savings accounts, 30 day bills.

Medium term (1-6 months) investments

Use: to be used to invest unused repairs and maintenance funding, excess equipment upgrade funding and excess short term investments.

Redeemable as required to provide for major items of repair and maintenance, and/or equipment purchases. Interest to be used in the provision of maintenance and repairs programs. Excess investment amounts to be identified on an annual basis and transferred to long term investment providing the interest rate is competitive with short term rates.

Types; Cash management accounts, term deposits, bank bills.

Long term (greater than 6 months) investments

Use: to be used to invest surplus funds on a long term basis.

Redeemable as they mature to provide for capital works and major items of equipment purchases. Interest to be rolled over.

Types: Term deposits, managed funds, government bonds.

Authorisation of Investments

All investments of the college must be reviewed for compliance with this policy and authorised by College Council. Any movements in authorised investments must have the endorsement of at least one member of the College Council