

COUNCIL POLICY

Financial Investments

Contents

1. Purpose.....	4
2. Scope	4
3. Policy details	4
3.1 Principles.....	4
3.2 Allowable Investments.....	4
3.3 Authorised Officers	4
3.4 Liquidity.....	4
3.5 Risk Management Guidelines.....	4
3.5.1 Portfolio Credit Framework.....	5
3.5.2 Individual Institution Credit Framework.....	5
3.5.3 Term to Maturity Framework.....	5
3.6 Responsible Investing	5
3.7 Reporting	5
4. Roles and responsibilities.....	6
5. Breaches.....	6
6. Human Rights Charter compatibility.....	6
7. Supporting documents	6
8. Approval	7

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Directorate Customer and Community	Department Corporate	Internal / External Internal

REVISION RECORD

Date	Version	Revision description
09/12/2008	1.0	Adopted by Council
12/06/2012	1.1	Reviewed in accordance with WHK Albury audit recommendations
05/07/2016	2.0	Adopted by Council
22/05/2020	3.0	Adopted by Council
26/04/2023	3.1	Draft post review considered by Finance and Audit and Risk Committees Changes to roles and responsibilities and clarification of treatment of breaches
30/05/2023	4.0	Adopted by Council

1. Purpose

The purpose of this policy is to ensure that Council's funds are managed, invested, and redeemed to:

- Balance investment returns with tolerable investment risk
- Meet liquidity requirements
- Comply with the current in-force *Local Government Act*.

2. Scope

This policy applies to any investment of Council funds.

This policy does not cover asset investments such as property.

3. Policy details

3.1 PRINCIPLES

Investments shall be made with good judgement and care, with due consideration to the probable safety of the capital as well as the probable income derived.

Council funds shall not be deployed towards investments of a speculative nature.

3.2 ALLOWABLE INVESTMENTS

Investments are to be limited to cash deposits with Australian authorised deposit taking institutions (ADIs) such as banks, building societies and credit unions regulated by, and subject to the prudential standards of the Australian Prudential Regulation Authority (APRA).

Term deposits are permitted up to a term of 36 months.

3.3 AUTHORISED OFFICERS

The Manager Corporate and the Financial Accountant have the authority to invest surplus funds under the supervision of the Director Customer and Community and the Chief Executive Officer.

3.4 LIQUIDITY

The investment portfolio is to remain sufficiently liquid to enable to Council to meet all operating requirements as may be reasonably anticipated.

Investment maturities are scheduled to coincide with projected cash flow needs.

3.5 RISK MANAGEMENT GUIDELINES

Council manages its investments in line with Standard and Poor's (S&P) Credit Ratings framework describing the creditworthiness of entities.

3.5.1 Portfolio Credit Framework

Council's investments are to comply with the following limits in order to control the credit quality of the overall portfolio.

Long-Term S&P Credit Ratings	Short-Term S&P Credit Ratings	Maximum
A Category or higher	A-2	100% max
BBB Category	A-3	60% max

3.5.2 Individual Institution Credit Framework

Council's investments are to comply with the following limits in order to control exposure to individual entities.

Long-Term S&P Credit Ratings	Short-Term S&P Credit Ratings	Maximum
A Category or higher	A-2	50% max
BBB Category	A-3	20% max

3.5.3 Term to Maturity Framework

Council's investments are to comply with the following limits in order to manage portfolio liquidity and manage interest rate risk.

Investment Term	Maximum
12 months or less	100%
10 months – 36 months	20%

3.6 RESPONSIBLE INVESTING

Council prefers investments with ADIs that demonstrate socially and environmentally responsible practises and may refer to independent third-party accreditations to assist in assessing investments against this criterion.

Where two or more investments offer the same return, the investment with responsible investing accreditation will be given preference.

3.7 REPORTING

Accounting for investments will comply with the Australian Accounting Standards (AAS), Urgent Issues Group (UIG) Consensus views, and the current in-force version of the *Local Government Act*.

A quarterly portfolio report detailing the current investment portfolio will be provided to the Finance Committee, as well as to the Audit and Risk Committee and the Council for noting.

For audit purposes, bank confirmations must be obtained from banks / fund managers confirming the amounts of investment held on Council's behalf at 30 June each year.

4. Roles and responsibilities

The following positions are responsible for

Role / Position	Responsibility
Finance Committee	<ul style="list-style-type: none"> Review quarterly investment reports. Review this policy prior to Council approval.
Chief Executive Officer and Director Customer and Community	<ul style="list-style-type: none"> Oversee compliant implementation of this policy. Approve exemptions to this policy
Manager Corporate	<ul style="list-style-type: none"> Maintain this policy. Oversee compliant implementation of this policy.
Financial Accountant	<ul style="list-style-type: none"> Manage investments in compliance to this policy. Maintain awareness of the investment environment in order to recommend changes to this policy. Provide quarterly investment reporting.

5. Breaches

Breaches due to unanticipated events such as a) reductions in credit ratings or b) the requirement to liquidate additional funds to support cashflow requirements will be reviewed between the Financial Accountant and the Manager Corporate and an appropriate action plan will be determined to remediate portfolio limits or otherwise seek an exemption from the Chief Executive Officer. Breaches will be reported to the Finance Committee and the Audit and Risk Committee.

Deliberate or negligent breaches will be subject to investigation which may lead to disciplinary action.

6. Human Rights Charter compatibility

This policy has been assessed as being compatible with the *Charter of Human Rights and Responsibilities Act 2006 [Vic]*.

7. Supporting documents

This policy should be read in conjunction with all other relevant, Council policies and procedures, as well as relevant legislative requirements.

Related Legislation

- *Local Government Act 1989 [Vic]*
- *Local Government Act 2020 [Vic]*

Related Guidelines, Operational Directives or Policies

- S&P Global Ratings Definitions

8. Approval

THE COMMON SEAL OF THE ALPINE SHIRE COUNCIL was hereunto affixed this 30th day of May 2023 in the presence of:



Ronald J. Webb
COUNCILLOR

[Signature]
SIGNATURE

Simon Kelkey
COUNCILLOR

[Signature]
SIGNATURE

Will Jeremy
CHIEF EXECUTIVE OFFICER

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