

1.0 STATEMENT

This policy provides the framework to invest in the approved investment classes. The investment of cash is to endeavour to maximise the return on funds, and to ensure the cash flow requirements of the RRG are met.

2.0 SCOPE

This policy applies to by the Chief Executive Officer or Officer delegated by the Chief Executive Officer, to invest in the approved investment classes.

3.0 OBJECTIVE

- To invest the local government's surplus funds, with consideration of risk and at the most favourable rate of interest available to it at the time, for that investment type, while ensuring that its liquidity requirement is being met.
- While exercising the power to invest, consideration is to be given in preservation of capital, liquidity, and the return of investment.
- Preservation of capital is the principal objective of the investment portfolio. Investments are to be performed in a manner that seeks to ensure security and safeguarding the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters.
- The investment portfolio will ensure there is sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring significant costs due to the unanticipated sale of an investment.
- The investment is expected to achieve a predetermined market average rate of return that takes into account the Council's risk tolerance. Any additional return target set by Council will also consider the risk limitation and prudent investment principles.

LEGISLATIVE REQUIREMENTS

All investments are to comply with the following:

- Local Government Act 1995 – Section 6.14;
- The Trustees Act 1962 – Part III Investments;
- Local Government (Financial Management)
- Regulations 1996 – Regulation 19, Regulation 28, and Regulation 49
- Australian Accounting Standards

Issued: May 2023	Next Review Date: November 2025	Title: COUNCIL POLICY NO 2.3 CASH INVESTMENTS	Version 8
Prepared: EMCS	Reviewed by: SMG	Approved: COUNCIL	Page 1 of 5
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DELEGATION OF AUTHORITY

Authority for implementation of the Investment Policy is delegated by Council to the CEO in accordance with the Local Government Act 1995. The CEO may in turn delegate the day to day management of Council's Investment to senior staff or Chief Financial Officer subject to regular reviews.

PRUDENT PERSON STANDARD

The investment will be managed with the care, diligence and skill that a prudent person would exercise. Officers are to manage the investment portfolios to safeguard the portfolios in accordance with the spirit of this Investment Policy, and not for speculative purposes.

ETHICS AND CONFLICTS OF INTEREST

Officers shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio. This policy requires officers to disclose any conflict of interest to the CEO.

APPROVED INVESTMENTS

Cash may only be invested in accordance with Regulation 19C of the Local Government (Financial Management) Regulations 1996, which provides that:

19C. Investment of money, restrictions on (Act s. 6.14(2)(a))

(1) In this regulation —

authorised institution means —

- (a) an authorised deposit-taking institution as defined in the *Banking Act 1959* (Commonwealth) section 5; or
- (b) the Western Australian Treasury Corporation established by the *Western Australian Treasury Corporation Act 1986*;

foreign currency means a currency except the currency of Australia.

PROHIBITED INVESTMENTS

19C. (2) When investing money under section 6.14(1), a local government may not do any of the following —

- (a) deposit with an institution except an authorised institution;
- (b) deposit for a fixed term of more than 3 years;
- (c) invest in bonds that are not guaranteed by the Commonwealth Government, or a State or Territory government;
- (d) invest in bonds with a term to maturity of more than 3 years;
- (e) invest in a foreign currency.

[Regulation 19C inserted in Gazette 20 Apr 2012 p. 1701; amended in Gazette 12 May 2017 p. 2469.]

RISK MANAGEMENT GUIDELINES

Investments obtained are to comply with two key criteria relating to:

- a) Portfolio Credit Framework: limit overall credit exposure of the portfolio
- b) Counterparty Credit Framework: limit exposure to individual counterparties/institutions

Issued: May 2023	Next Review Date: November 2025	Title: COUNCIL POLICY NO 2.3 CASH INVESTMENTS	Version 8
Prepared: EMCS	Reviewed by: SMG	Approved: COUNCIL	Page 2 of 5
Printed documents are not controlled. Check the electronic version for the latest version			

a) Overall Portfolio Limits

To control the credit quality on the entire portfolio, the following credit framework limits the percentage of the portfolio exposed to any particular credit rating category.

S&P Long Term Rating	S&P Short Term Rating	Direct Investment Maximum %	Managed Funds Maximum %
AAA	A-1+	100%	100%
AA	A-1	100%	100%
A	A-2	60%	80%
BBB	B-1+	20%	40%

b) Counterparty Credit Framework

Exposure to an individual counterparty/institution will be restricted by its credit rating so that single entity exposure is limited, as detailed in the table below:

S&P Long Term Rating	S&P Short Term Rating	Direct Investment Maximum %	Managed Funds Maximum %
AAA	A-1+	100%	50%
AA	A-1	100%	50%
A	A-2	50%	50%
BBB	B-1+	20%	40%

If any of the local government investments are downgraded such that they no longer fall within the investment policy, they will be divested as soon as practicable.

REPORTING & MEASUREMENT

An agenda report is to be prepared for each Audit & Risk Committee meeting and Ordinary Council meeting.

The report will detail the investment portfolio in terms of performance, percentage exposure of total portfolio, maturity date and changes in market value.

4.0 ROLES & RESPONSIBILITIES

The Council and delegated officers have fiduciary responsibilities under section 6.14 of the Local Government Act 1995 and therefore the "Prudent Person" rule must be complied with. This rule ensures a conservative approach and low risk strategies as well as seeking expert assistance in investing council funds.

	Responsibilities
Council	<ul style="list-style-type: none"> Governance Financial responsibility. Approves policy and guidelines.
Audit Committee	<ul style="list-style-type: none"> Reviews internal control procedures. Reviews policy and guidelines for investment portfolio. Makes recommendations to Council.

Issued: May 2023	Next Review Date: November 2025	Title: COUNCIL POLICY NO 2.3 CASH INVESTMENTS	Version 8
Prepared: EMCS	Reviewed by: SMG	Approved: COUNCIL	Page 3 of 5
Printed documents are not controlled. Check the electronic version for the latest version			

COUNCIL POLICY NO 2.3 CASH INVESTMENTS

Chief Executive Officer	<ul style="list-style-type: none"> • Prime responsibility for the control of the investment portfolio. • Has delegation authority from Council to approve and authorise payment for cash investments initiated by either the Manager Corporate Services or Manager Finance in accordance with Council approved policy. 												
Manager Corporate Services	<ul style="list-style-type: none"> • Has delegation authority from CEO to approve cash investments initiated by Manager Finance in accordance with Council approved policy. • Authorisation of payment. 												
Manager Finance	<ul style="list-style-type: none"> • Has delegation authority from CEO to initiate the investment of cash investments in accordance with Council approved policy. • Selection of the appropriate investment in accordance with the council approved policy. • Reviews risk exposure and types of investments. • Selection and disposal of investments with banks and fund managers in accordance with the Council approved policy. • Checks the correct accounting, reporting and recordkeeping of investments. • Checks the record keeping of all investments ensuring the identification of – <ul style="list-style-type: none"> a) the nature and location of all investments b) the transactions related to each investment • Authorises payment. 												
Accountant	<ul style="list-style-type: none"> • Reconciles bank statements and investment documentation for accounting and reporting of investments. • Record keeping of all investments ensuring the identification of – <ul style="list-style-type: none"> c) the nature and location of all investments d) the transactions related to each investment 												
Internal Control Segregation of Duties	<ul style="list-style-type: none"> • Appropriate segregation of duties as follows: <table border="1" data-bbox="488 1317 1385 1632"> <thead> <tr> <th>Duties</th> <th>Responsibility</th> </tr> </thead> <tbody> <tr> <td>Initiates Investment</td> <td>Manager Finance</td> </tr> <tr> <td>Approves Investment</td> <td>Manager Corporate Services or CEO</td> </tr> <tr> <td>Authorises payment</td> <td>Any two - Manager Corporate Services, Manager Finance, CEO</td> </tr> <tr> <td>Reconciles and records all investment documentation.</td> <td>Accountant</td> </tr> <tr> <td>Checks the accounting, reporting and recordkeeping of investments</td> <td>Manager Finance</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Persons that record investments, • Persons that buy and sell investments, and • Persons that reconcile the investment statements 	Duties	Responsibility	Initiates Investment	Manager Finance	Approves Investment	Manager Corporate Services or CEO	Authorises payment	Any two - Manager Corporate Services, Manager Finance, CEO	Reconciles and records all investment documentation.	Accountant	Checks the accounting, reporting and recordkeeping of investments	Manager Finance
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Issued: May 2023	Next Review Date: November 2025	Title: COUNCIL POLICY NO 2.3 CASH INVESTMENTS	Version 8
Prepared: EMCS	Reviewed by: SMG	Approved: COUNCIL	Page 4 of 5
Printed documents are not controlled. Check the electronic version for the latest version			

5.0 REFERENCES & REVIEW

Statutory Compliance	<ul style="list-style-type: none"> ▪ Local Government Act 1995 and Regulations ▪ Trustees Act, Bank Act 1959 	
Organisational Compliance	<ul style="list-style-type: none"> ▪ CEO Approved Delegations ▪ RRG Investment Standards 	
Approved by	Regional Council	
Next Revision Date	November 2025	
Related Documents	Dept of Local Government Operational Guidelines	
Policy Administration	Responsible Officer	Review Cycle
Corporate	Manager Finance	Biennial
Risk Rating	High	
Location of document	RRG Website Members Area Staff Intranet RRG, 9 Aldous Place, Booragoon – Corporate Services	

6.0 DOCUMENT CONTROL REGISTER

Date	Review	No.	Author	Resp Officer	Council
2007	Review	1	MAF	MAF	12/11/07
2011	Review	2	DCS	DCS	22/08/11
2013/08	Review	3	EMCS	EMCS	12/08/2013
2015	Review	4	EMCS	EMCS	24/08/2015
2017	Review	5	EMCS	EMCS	21/08/2017
2019	Review	6	EMCS	EMCS	28/11/2019
2021	Review	7	CSM	EMCS	25/11/2021
2023	Review	8	EMCS	CEO	25/05/2023

Issued: May 2023	Next Review Date: November 2025	Title: COUNCIL POLICY NO 2.3 CASH INVESTMENTS	Version 8
Prepared: EMCS	Reviewed by: SMG	Approved: COUNCIL	Page 5 of 5
Printed documents are not controlled. Check the electronic version for the latest version			