



STATUTORY POLICY  
**MOUNT ISA CITY COUNCIL**  
**2017/2018 Financial Year – Investment Policy**

RESOLUTION No. VERSION 1

**APPLIES TO STATUTORY POLICIES ONLY**

This is an official copy of the **2017/2018 Financial Year - Investment Policy**, made in accordance with the provisions of *Local Government Act and Regulations, Public Records Act, Mount Isa City Council's Local Laws, Subordinate Local Laws and current Council Policies*.

Statutory Policies comply with a legislative requirement; the **2017/2018 Financial Year - Investment Policy** is approved by the Mount Isa City Council for the operations and procedures of Council. Note that Financial Year Policies are reviewed annually.

.....  
 Michael Kitzelmann  
**Chief Executive Officer**

DOCUMENT VERSION CONTROL					
I/R	956138	FILE	1208 Policy Register	POLICY TYPE	Statutory (Council)
VERSION	DATE	RESOLUTION NO.	DETAILS		
V1	26.07.2017		<b>Responsible Officer</b> Manager Corporate & Financial Services <b>Description</b> Annual Policy Renewal – New Financial Year		
				<b>COMMENCEMENT</b>	01.07.2017
				<b>EXPIRY</b>	30.06.2018



### Policy Instruction

To satisfy Council's statutory obligations under the *Local Government Act 2009* and *Local Government Regulation 2012*, and the *Statutory Bodies Financial Arrangements Act 1982* and *Statutory Bodies Financial Arrangements Regulation 2007*. This policy prescribes the circumstances and terms on which Council may invest its funds.

### Policy Statement

The Queensland *Local Government Regulation 2012* Chapter 5 Section 191 requires Council to prepare and adopt an investment policy. The investment policy must outline Council's investment objectives and overall risk philosophy; and its procedures for achieving the goals related to investment as stated in the policy.

It is Council's intention that all funds not immediately required for financial commitments be invested and that the investment vehicles used maximise Council earnings when taking into account counterparty, market and liquidity risks.

This policy is intended to provide Council's finance staff with an investment framework within which to place Council investments to achieve competitive returns whilst adequately managing risk and ensuring funds are available to meet Council's short term cash requirements.

#### 1. Placement of Investment Funds

Council has a number of duties and responsibilities when investing funds. Mount Isa City Council is allocated Category 1 Investment Powers under Schedule 3 of the *Statutory Bodies Financial Arrangements Regulation 2007*. This restricts Council's investment options and these limitations are outlined in sections 47 and 48 of the *Statutory Bodies Financial Arrangements Act 1982*.

Section 47(1) Council must use its best efforts to invest its funds –

- (a) at the most advantageous interest rate available to it at the time of the investment for an investment of the proposed type; and
- (b) in a way it considers is most appropriate in all the circumstances.

Section 47(2), Council must keep records that show it has invested in the way most appropriate in all the circumstances.

Investments authorised under section 44(1), comprise:

- deposits with a financial institution;
- investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution;
- other investment arrangements secured by investment arrangements accepted, guaranteed or issued by or for the Commonwealth or a State or a financial institution;
- investments with Queensland Treasury Corporation (QTC) Cash Fund or QTC Debt Offset Facility;
- an investment arrangement with a rating prescribed under a regulation for this paragraph;
- other investment arrangements prescribed under a regulation for this paragraph.

Subsection 2 states that the investment must be:

- at call; or
- for a fixed time of not more than 1 year.

Investments will be placed so as to minimise the cash held in low/no interest operating bank accounts whilst ensuring sufficient cash is available to meet Council's financial obligations on a day to day basis.

Council's delegated officers are to avoid any transaction that might harm confidence in Mount Isa City Council.

In priority, the order of investment activities shall be preservation of capital, liquidity and return.

#### Quotations on Investment

Investments held with QTC cash fund will be benchmarked against other investments or quoted investment rates at the end of each quarter to ensure Council is receiving the most advantageous rate given the risk/return trade-off.

When investing funds Council staff should aim to minimise the risk to the financial instruments. Council staff are authorised to maximise Council's investment earning potential by investing in any Australian licenced bank, building society, credit union or QTC.

#### Prohibited Investments

This investment policy prohibits any investment carried out for speculative purposes. The following investments are prohibited by this investment policy:

- Derivative based instruments;
- Principal only investments or securities that provide potentially nil or negative cash flow;
- Stand-alone securities that have the underlying futures, options, forward contracts and swaps of any kind; and
- Securities issued in non-Australian dollars.

#### Term to Maturity

Council's investment portfolio should be realisable, without penalty, in a reasonable time frame. Due to legislative requirements, the term to maturity of Council investments may not exceed one year.

## **2. Internal Controls**

Council is at all times to have in place appropriate controls to prevent the fraudulent use of public monies. The following controls detail the minimum that is required:

- The responsible officer for the investment function is the Manager Corporate & Financial Services or nominated delegate.
- All investments are to be authorised by the Chief Executive Officer or nominated delegate.
- Confirmation advices from the Financial Institution are to be received as evidence that the investment is in the name of Mount Isa City Council.
- A person, other than the responsible officer, is to perform the bank reconciliation at the end of each month (alternatively, the reconciliation needs to be reviewed by another officer).

Investments and associated internal controls will be subject to periodic reviews by Council's Internal Audit function to verify compliance with this policy and legislation.

Any breach of this policy must be reported to the Director Corporate & Financial Services and be rectified within 24 hours of the breach occurring.

## **3. Record Keeping**

The other duty related to record keeping. S 48 states that:

*"A security, safe custody acknowledgment or other document evidencing title accepted, guaranteed or issued for an investment arrangement must be held by the statutory body or in another way approved by the Treasurer".*

This is Council's current practice and will be continued as part of the investment procedures.



The procedure for the investment of Council funds is to be documented and followed at all times.

**4. Legislative Requirements**

Council is at all times to comply with legislation applicable to the investment function within Local Governments. Council will utilise its Category 1 investment powers to earn interest revenue on its operating funds to supplement Council's other sources of revenue.

**5. Variation**

Mount Isa City Council reserves the right to vary, replace or terminate this policy at any time.