

Investment Policy

Section 1 - Introduction

(1) The University manages a large number of investment transactions, including funds invested for specified periods and at-call, in accordance with the Australian Accounting Standards.

(2) The risk associated with these investment transactions is minimised by identifying, categorising, measuring and managing Interest Rate, Credit, Liquidity and Operational Risk related to these financial transactions. The focus of the treasury function is to be risk averse while operating effectively, efficiently and maintaining accountability in line with the values of the University.

Section 2 - Statement of Authority

(3) The authority behind this policy is the [Charles Darwin University Act 2003](#) part 3, section 15.

Section 3 - Compliance

(4) This is a compliance requirement under the [Charles Darwin University Act 2003](#) part 8, section 33.

Section 4 - Intent

(5) This document provides a framework for the management of the University's funds that ensures maximum returns whilst limiting exposure to risk to an acceptable level.

Section 5 - Relevant Definitions

(6) In the context of this document:

- a. Vice-President Finance and Corporate means the person responsible for ensuring investments are in accordance with policy and delegation and to approve cash flow forecasts, overseeing and reporting to Finance and Infrastructure Development Committee and Audit, Risk and Compliance Committee on the management of investments;
- b. Director Finance means the person responsible for reviewing cash flow forecasts and monitoring the management of investments in accordance with policy and delegation; and
- c. Treasury and Compliance Accountant means the person responsible for actively managing the daily investments, ensuring investments meet investment policy guidelines, and preparation of cash flow forecasts.

Section 6 - Policy

Objectives

(7) In accordance with the broader strategic corporate objectives, the University's treasury operations will have an underlying risk-averse focus. Within this risk-averse framework, the objectives are as follows:

- a. Primarily to meet the operational cash flow requirements of the University. Maximising investment returns within acceptable levels of risk exposure is a secondary consideration.
- b. The University invests funds with a view to achieving the benchmark return.
- c. To ensure there is an adequate internal control framework supporting treasury operations.
- d. To produce accurate and timely management information that can be relied on for control purposes, performance measurement and exposure monitoring purposes by senior management, Finance and Infrastructure Development Committee; Audit, Risk and Compliance Committee and Council.

Investment of Funds

(8) In order to maximise the University's capacity for investment, the University will establish investment funds based on the following needs:

- a. At-call and Operating Funds – Are monitored daily to meet the day-to-day cash flow needs of the University.
- b. Invested Funds – Are surplus funds that will be invested in approved investments with a maturity pattern that meets the cash flow needs of the University.

(9) Approved investments will be limited to:

- a. interest bearing deposits/securities issued by an Approved Deposit Institution or government guaranteed;
- b. bank accepted/endorsed bank bills;
- c. bank negotiated/certificates of deposit; and
- d. State/Territory/Commonwealth Government Bonds.

(10) All investment transactions will be in Australian currency only. The use of leveraging and derivative-based investments is prohibited.

Principles and Ethical Standards

(11) Management of treasury operations will be made with judgement exhibiting competence, diligence and integrity. The following principles will apply:

- a. Investment analysis and decisions will be made with professional judgement and reflect the values, ethics and integrity of the University.
- b. Investments must be in a class approved by the Northern Territory Treasurer and will be made solely in the best interests of the University.
- c. Investments and the segregation of approval wherever possible will be diversified to achieve the Objectives and to minimise risk.
- d. Independent Internal Audit reviews will be conducted on a cyclical basis as part of the annual Internal Audit Plan. The regularity of such audits will be commensurate with the perceived risk underlying the management of treasury operations.
- e. Committee Members will declare conflicts of interest including the disclosure to the University of Material Financial Interests in institutions or activities that could be related to the performance of the University's investment program.

Risk

(12) The University will seek to maximise returns using a conservative risk aversion profile and establish management actions to mitigate risk as required. The University, in its investing operations, is subject to the following risks:

- a. Interest Rate Risk where the risk is of a change in the market value of securities held and volatility in interest earnings.
- b. Credit risk where the risk is of counterparty failure.
- c. Liquidity risk where the risk is that an investment cannot be liquidated in sufficient time to pay the liabilities of the University and arises because of a maturity mismatch between assets and liabilities.
- d. Operational risk where the risk is of financial loss arising from the operational activities of the treasury function.

Status and Details

Status	Historic
Effective Date	15th January 2022
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Approval Date	15th December 2021
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Responsible Executive	Anne Coulter Vice-President Corporate and CFO
Implementation Officer	Anne Coulter Vice-President Corporate and CFO
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