

# Managed Investment Policy

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<b>Applies To:</b>	All NUSA Employees and Elected Student Members
<b>Responsible Officer:</b>	General Manager
<b>Authorisation:</b>	APPROVED

# Managed Investment Policy

## 1. Introduction

This policy serves as a framework to achieve the investment objectives, liquidity, and optimum return at a level of risk deemed acceptable to the NUSA Council.

Accordingly, in establishing minimum levels of reserve funds to be maintained by the NUSA, it is incumbent upon the NUSA Council to ensure that sufficient funds will be available to pay all debts as and when they fall due. This includes contingent liabilities such as staff, redundancy payments, long service leave and annual leave accrual payments.

There is a general duty imposed on Directors of Incorporated Associations to exercise power and duties with the care and diligence that a reasonable person would have, which includes taking steps to ensure the Association doesn't trade while insolvent. There are serious penalties for allowing an organisation to trade while insolvent.

This policy should be read in conjunction with the *NUSA Finance Regulations and Expenditure Guidelines*, *The NUSA Free Trade policy* and *NUSA Delegations of Authority policy*.

## 2. Policy Intent

This policy is intended to provide a framework for the management of the NUSA Investment Portfolio and financial reserves by NUSA staff, Council members and Executive members, ensuring oversight, accountability, transparency and ongoing performance.

NUSA manages its investments prudently to protect capital and earn an acceptable return at an appropriate level of risk. NUSA's organisational strategy and ethical position must be reflected when undertaking investment activities.

### **3. Policy Scope**

This policy applies to NUSA staff, Council members and Executive members who may be a signatory to the Investment Account within the course of their duties as a Directors of NUSA as an Incorporated Association.

The Finance Committee of NUSA Council will implement and monitor this policy.

#### **Investment Funds**

The Association's accumulated cash reserves will be invested in an appropriate investment portfolio or similar vehicle, along with surplus operating funds received through income generating activity or other sources from time to time during the year.

#### **The Association's financial 'reserve'**

A minimum reserve equivalent to at least 50% of the Association's annual operating costs, must be held as a buffer against either an emergency or funding decline. This level should be reviewed annually by the NUSA Council based on a report from the Finance Committee detailing annual expenditures and minimum cash balances held by the Association over the preceding 12 month period.

The Association's Reserve may be invested in the same accounts or other approved investments as Investment Funds.

### **4. Roles and Responsibilities**

#### **Delegated Authorities**

Authority to approve investment of funds consistency with the Investment Policy is delegated by the NUSA Council to the General Manager. All investments must be in line with policy and reported to the NUSA Council.

Authority to approve NUSA's investment policy and establish, oversee the performance of, and disestablish common investment funds for NUSA is delegated to the Finance Committee.

### **5. Relevant definitions**

In the context of this policy:

**Investment** means operating funds and financial reserves not immediately required to meet the liquidity and transactional needs of NUSA.

## **6. Managed Investment**

6.1 The Finance Committee will review and develop a new investment profile at least every 3 years. The Finance Committee will consider the level of risk to take in return for an investment return and make any proposals to NUSA Council for endorsement.

6.2 The General Manager and Public Officer is the authorised officer on the NUSA investment account. A letter appointing the General Manager and Public Officer along with minutes of a NUSA Council meeting appointing the Manager to the fund are required to modify an account holder of the NUSA investment fund.

6.3 During the preparation and approval of the NUSA budget and operational plans each year due consideration will be given to the release of reserve funds for activities that are of major strategic benefit to the development to the Association.

6.4 Annual financial planning fees, investment strategy and re-investment options for the coming year will be determined by the Finance Committee annually.

6.5 The following procedures are to be implemented to ensure that the Association meets its policy objectives:

- Reserves must be adequate to ensure that all liabilities can be paid as and when they fall due;
- Contingent liabilities, such as redundancy payments, will vary from year to year depending on staff profile regarding salaries and years of service;
- Prudent governance requires that additional reserves be accumulated so as to reduce the vulnerability of the Association to the impact of negative, unforeseen financial impacts or short-term adverse conditions;
- Additional reserves provide capital for self-funding of new business ventures or extensions of existing businesses, reducing reliance on third-party finance and potential impact of delays in generating positive trading results.

## **7. Responsibility/Council members**

All NUSA staff, Council members and Executive members must be aware of this policy, especially authorised signatories.

The General Manager is accountable for ensuring that the procedures are regularly reviewed, updated and implemented and for ensuring compliance with this policy.

## 8. Review of Policy

This policy will be reviewed on a two yearly basis. However, if at any time the legislative, policy or funding environment is so altered that the policy is no longer appropriate in its current form, the policy will be reviewed immediately and amended accordingly.

<b>Version</b>	<b>Date</b>	<b>Modified by</b>	<b>Details</b>
0.1	12/12/2017	GM	Initial Draft
	14/12/2017	NUSA Executive on behalf of NUSAC	Approved for Use