



## INVESTMENT POLICY

<b>Presented to Local Finance Committees:</b>	<b>September 2019</b>
<b>Presented to OLOG Audit &amp; Risk Committee</b>	<b>09/10/19</b>
<b>Presented and Approved by OLOG Board of Trustees</b>	<b>09/10/19</b>
<b>Signature of Chair of Board of Trustees:</b>	
<b>Name of Chair of Board</b>	<b>John Anthony</b>
<b>Date</b>	<b>09/10/19</b>
<b>Version</b>	<b>5</b>
<b>Next review date</b>	<b>October 2020</b>

# Investment Policy

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## **Principles**

The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation.

In addition, the Trust aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

The Trust's aim is to spend the public monies with which it is entrusted for the direct education benefit of students as soon as is prudent.

The Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.

## **Investment of funds**

A return on working capital should be optimised whilst ensuring easy access of the funds. In balancing risk against return the academy's policy is clearly geared to avoiding risk rather than maximising income.

Each school within the Trusts operates a current account with a bank approved by the Trust and maintains a balance in that account that is sufficient to cover immediate and forthcoming financial commitments (payroll and payment runs) and sufficient contingency (cash buffer) for unexpected payments.

Monies surplus to the working requirements may be invested in an account in the name of the Trust with the approved institutions authorised by the Trust. This may be a higher interest bearing account operated by the same bank that the Trust operates its current account with, or an alternative approved institution.

The Trust will not take out any long term investments until a reliable cash flow pattern has been established; monies will only be paid into approved bank deposit accounts allowing access to funds within a term not exceeding three months.

## **Register of investments / deposits**

The Principal Finance Officer (PFO) will maintain a register of all investments / deposits held which will record:

- Institution with which the deposit was made
- Date deposit was placed
- Amount deposited
- Date of maturity
- Amount returned
- Interest earned
- Rate of interest obtained
- Authorisation for the transaction

## **Recording and monitoring**

Bank balances and all investments/deposits will be reconciled and balanced to the academy's accounting records every month.

Cost of funds and requirement for funds will be monitored on an on-going basis via the management accounts, in particular the 12 month rolling cash flow forecast.

The purpose of these rolling cash flow forecasts is to highlight expected cash balances throughout the year that may be invested and give early warning of any need to seek approval to borrow funds in the event of a cash deficit.

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## **Limits and authority**

The Trustees reserves the power to:

- give prior approval to the opening of new bank current accounts
- select and approve the financial institutions where investments/deposits may be held
- give prior approval to any bank deposit with a maturity date of greater than three months
- give prior approval to any investment product other than a bank deposit

The Trustees delegate power to the Accounting Officer or PFO to place deposits in the academy's name, at approved institutions, subject to the agreed limits.

No deposits will be placed by the Accounting Officer or the PFO without prior authorisation by the Headteacher of any school in the Trust or other bank signatory subject to their relevant limits. Deposits will be confirmed in writing after the event by the bank.

Authorised cheque / bank transfer signatories of the schools within the Trust are set out in the Trust's Financial Regulations Manual and the Bank Mandates. Any changes in the authorised signatories must be approved by the Trustees.

## **Links to other policies/documents**

[Financial Regulations](#)

[Accounting Policies](#)

[Bank Mandates](#)