

TREASURY AND INVESTMENTS POLICY AND PROCEDURE



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1 PURPOSE

- 1.1 This policy and procedure outlines the specific functions, and on what basis, CQUniversity can undertake in relation to investments and borrowings.
- 1.2 This policy and procedure provides a framework to identify and effectively manage the financial risk associated with treasury activities. This policy and procedure recognises the need to maximise returns on investments whilst maintaining a strong focus on capital preservation consistent with the University's [Risk Appetite Statement](#) and the [Statutory Bodies Financial Arrangements Act 1982](#) (Qld), in order to:
- support the purpose and function of the University as defined in the [Central Queensland University Act 1998](#) (Qld)
 - provide funds to support the University's short-term commitments and operational needs, and capital growth to support longer term growth objectives, and
 - support a reasonable level of funding stability from year to year consistent with the risk appetite of the University.

2 SCOPE

- 2.1 This policy and procedure applies to:
- CQUniversity and controlled entities that are domiciled in Australia, and
 - bank accounts and signatories for controlled and non-controlled entities not domiciled in Australia (refer to [Appendix C](#)).
- 2.2 This policy and procedure does not apply to:
- non-controlled entities domiciled in Australia, and
 - controlled or non-controlled entities not domiciled in Australia (other than bank accounts and signatories outlined in [Appendix C](#)).
- 2.3 This policy and procedure includes responsibility for:
- assessing the University's annual borrowing requirements and submitting borrowing applications to the [Department of Education, Skills and Employment](#), in accordance with the approved capital budget and Council borrowing approval
 - managing the University's borrowings from [Queensland Treasury Corporation](#) or other agencies approved by the Audit, Risk and Finance Committee and the Queensland Treasurer
 - ensuring the University has sufficient cash flow in order to meet its short-term debt obligations and operating expenses
 - investing the University's short- and long-term cash surpluses with the aim of maximising returns in compliance with legislation and approvals from the Audit, Risk and Finance Committee and the Queensland Treasurer, and
 - reviewing project and investment evaluation material for investments in other asset classes, in the context of their impact on the University's overall financial sustainability.
- 2.4 This policy and procedures also applies to the following identified risks:
- credit risk - the risk of financial loss through the unwillingness or inability of contractual counterparties to meet their obligations under their respective contracts
 - liquidity risk - the potential inability to fund operations or convert assets into cash to meet short or immediate term obligations
 - market risk – the risk of losses arising from market movements of prices, interest rates and foreign currency exchange rates, and
 - internal risks such as compliance, funding, operational and technology.

- 2.5 A separate [Enterprise Risk Management Framework](#), [Risk Management Policy](#) and [Risk Appetite Statement](#) provides wider guidance on managing risk as an integral part of University operations, however it is outside the scope of this policy and procedure.

3 POLICY STATEMENT

- 3.1 Section 51 of the *Central Queensland University Act* states that CQUniversity is a statutory body within the meaning of the *Statutory Bodies Financial Arrangements Act*. The University has been granted authority to undertake treasury activities (i.e. investment, debt and banking) as a statutory body within the *Statutory Bodies Financial Arrangements Act*.
- 3.2 The University holds Category 3 investment power as prescribed in Schedule 5 of the [Statutory Bodies Financial Arrangements Regulation 2019](#) (Qld). Without specific approval from the University Council or the Queensland Treasurer, investments are limited to those prescribed by Part 6 of the *Statutory Bodies Financial Arrangements Act* for statutory bodies with Category 3 investment power. Category 3 investment power allows investment in a range of highly secure investments either at call, or for a fixed term of no more than three years, and the power to undertake a range of other investments, regardless of the period of investment. These include the purchase of land in fee simple in any State; leasehold land in the State held under a lease that is for a term of 40 years or more and that is unexpired at the time of the purchase; and debentures or other securities charged on the funds or property of a local government.

4 PROCEDURE

Investment management

- 4.1 The Deputy Director Financial Accounting and Operations will manage the University's investment portfolio in accordance with this policy and procedure and must comply with the following:
- documented treasury procedures must incorporate appropriate internal controls and segregation of duties
 - speculative transactions (defined in [Appendix A](#)) are not permitted
 - all cash investment activity occurs within the correct University bank account
 - the assessed security of capital and income objectives will be the major considerations when making an investment decision
 - the investment allocations contribute to and support the University's cash flow requirements
 - information is sourced for cash flow management from the Manager Finance Operations (or nominee), and
 - investments must be made at the most advantageous rate available at the time for the particular investment type with the same risk or credit rating, and in a way that is the most appropriate given the circumstances.

Investment decisions

- 4.2 Investment decisions should consider:
- that investments are made in accordance with the *Statutory Bodies Financial Arrangements Act* for a Category 3 investment power to which the University is assigned
 - the use of leverage to increase returns of an investment is prohibited
 - the purchase of derivative securities for non-hedging purposes, either directly or indirectly is prohibited
 - the use of investment in securities that are complex in nature (i.e. securitised or structured products, bond mutual or cash plus funds) are prohibited
 - investments in non-AUD denominated securities are prohibited
 - the requirement for investments to be regularly revalued/reviewed (at a minimum annually) to reflect prevailing market prices
 - the requirement for investments to be liquidated if they are downgraded below a minimum rating acceptable under the *Statutory Bodies Financial Arrangements Act* unless the Queensland Treasurer's

approval is obtained within a 28 day period to continue with the investment

- investments should be held in highly liquid accounts, and
- a positive Net Present Value (NPV) when assessing investment decisions in new educational assets, ie. new campuses, is required.

- 4.3 Investments may not always be placed in the highest return facility but will be assessed on the most beneficial overall outcome for the University. In such circumstances the rationale for the recommendation must be documented and approved by the Chief Operating Officer.
- 4.4 Under the *Statutory Bodies Financial Arrangements Act*, the University may appoint fund managers or seek external investment advice with the approval of the Queensland Treasurer. Fund managers and advisers must abide by the same requirements and restrictions contained in this policy and procedure and any other relevant procedure documents and operate within the approved risk tolerance framework.
- 4.5 The University can retain the [Queensland Investment Corporation](#) and Queensland Treasury Corporation as fund managers and investment advisers, as approved under the *Statutory Bodies Financial Arrangements Act*, without specific referral to the Queensland Treasurer.

Investment strategy

- 4.6 The University's Investment Portfolio will be managed through an investment approach whereby surplus cash of the University will be invested through either the cash investment strategy, growth investment strategy, or strategic growth strategy. The nature and liquidity of the funds will determine the appropriate strategy they are invested through in line with the defined risk tolerance levels.
- 4.7 The capital value of the funds invested using the cash investment strategy must be preserved to the maximum extent by applying the following strategies:
- only invest in the allowed investment types listed above and that meet the prescribed credit ratings outlined in [Appendix B](#)
 - only invest with counterparties who have an S&P rating classification of 'A' or above, and
 - regular monitoring in the quarterly Treasury Report of the mark-to-market value and credit rating of each investment and counterparties with varied credit ratings and limits outlined in [Appendix B](#).

Cash investment strategy (< 12 months)

- 4.8 Funds available for short-term investment, including funds that represent the University's core liquidity and working capital requirements over a one-year budget period, will be invested using the cash investment strategy. This strategy seeks to meet the short-term liquidity requirements of the University whilst providing a low to moderate real return with a strong focus on capital preservation.
- 4.9 Liquidity and access to funds as required is to be achieved by applying the following:
- conduct regular reviews of the University's future cash flow requirements and ensure funds will be available to meet these requirements
 - maintain an appropriate level of funds at call to ensure expenditure contingencies will be covered, and
 - no individual investment will have a maturity of greater than 12 months, unless otherwise approved by the Chief Operating Officer and must be within the designated parameters as defined by the *Statutory Bodies Financial Arrangements Act* and this policy and procedure.
- 4.10 The University will seek to achieve:
- performance objective - to achieve a return (net of tax and fees) at least equal to the Bank Bill Swap rate and the S&P/ASX Bank Bill Index over rolling 12-month periods
 - performance benchmarks - BBSW and S&P/ASX Bank Bill Index
 - risk objective - that bank and investment accounts remain positive unless there is a Council approved overdraft facility in place

- interest allocation - will be managed by applying the following strategies:
 - interest earned on funds invested using the cash investment strategy will be allocated in the University budget process or other financial allocation process determined by the Chief Operating Officer
 - where interest must be allocated to grants and endowments received but not yet spent and no calculation method is specifically stated in the grant agreement or endowment deed, interest will be calculated using the monthly interest rate received on the University on-call account. Income will be calculated and allocated based on the monthly closing balance of the grant or endowment within the University's finance systems
- management fees - returns earned on funds invested using the cash investment strategy shall be net of any direct costs and management charges as approved by the Chief Operating Officer
- allowed instruments - the cash investment strategy can include investments in any of the following type of instruments with counterparties who have an S&P rating classification of 'A' or above:
 - transactional bank accounts
 - interest bearing deposits
 - commercial paper
 - bank accepted/endorsed bank bills
 - bank negotiable certificates of deposit
 - short term bonds
 - Queensland Investment Corporation Long Term Diversified Fund
 - Queensland Treasury Corporation Capital Guaranteed Cash Fund, debt offset facility, fixed rate deposit (up to 12 months) and Queensland Treasury Corporation Working Capital Facility, and
 - cash funds managed by approved fund managers
- asset allocation: refer [Appendix B](#)
- all investments will be held until the official maturity date, unless specifically approved by the Chief Operating Officer, and
- diversification - investments shall be made to ensure a reasonable level of institutional diversification relative to the total funds invested under the cash investment strategy and subject to institutional limits. Approval of the placement of funds will be subject to maximum investment limits for groupings based on institution, credit ratings and asset type, as outlined in [Appendix B](#). For the purpose of this, investments in managed cash funds will be based on each fund's average effective rating.

Growth investment strategy (cash and shares) (> 12 months)

- 4.11 The growth investment strategy seeks to provide real returns over time periods greater than 12 months commensurate with the risk profile.
- 4.12 The University will seek to achieve:
- growth investment strategy structure - contains funds of a permanent or long-term nature and the funds not being required for liquidity or utilisation within at least the two-year budget horizon. Accordingly, most of the assets will be invested in the growth sectors with the remaining assets invested in defensive assets for diversification. The growth strategy will include endowed and donated funds unless specifically approved by the Chief Operating Officer
 - performance objective – the investment objective is to achieve a total return (net of tax and fees) that exceeds both the BBSW and the S&P/ASX Bank Bill Index by 2.0 per cent per annum over rolling five-year periods
 - risk objective - whilst recognising that capital preservation is a key objective of the *Statutory Bodies Financial Arrangements Act*, the University accepts the possibility of negative returns with the risk objective being assessed on a case-by-case basis depending on the allocation for each class of asset
 - spending policy - income earned on growth investment funds will be allocated in the University budget process or other financial allocation process determined by the Chief Operating Officer, unless otherwise

specified in the fund conditions or by other provision

- management fees - returns earned on funds invested using the growth strategy shall be net of any direct costs and any management charges, as approved by the Chief Operating Officer, and
- strategic asset allocation - the table as outlined at [Appendix B](#) sets out the benchmark portfolio within which the growth investment strategy is expected to operate and against which performance will be measured. Exposure to cash assets may be obtained through funds invested using the cash investment strategy.

Strategic growth strategy

4.13 The strategic growth strategy seeks to provide capital returns over time periods greater than 12 months commensurate with the risk profile, relating predominantly to investment in new campuses both in Australia and internationally.

4.14 The University will ensure:

- financial analysis relating to lease versus buy is undertaken for University campuses
- the investment analysis must produce a positive NPV, with a well substantiated risk premium included based on the nature of the investment
- the investment is purely an asset financing decision, requiring a separate business case (in accordance with the [Business Case Procedure](#)) and financial analysis for the operational component, unless the asset is purchased as an investment property
- the investment decision considers both the short- and long-term liquidity position of the University as outlined in this policy and procedure
- the investment decision must ensure that debt covenants (or any other liquidity targets set by Council) are not breached, and
- for any investment over \$10m, an external review of the financial analysis must be undertaken.

Debt strategy

4.15 The debt strategy establishes a framework for the prudent use of debt. It is acknowledged that the use of debt is one source contributing to a balanced, long-term funding strategy. Debt must not exceed a conservative level, based on Council borrowing approval, and be consistent with the long-term capacity to fund repayments and may have regard to appropriate organisational targets.

4.16 Within this framework, this strategy further:

- establishes a comprehensive view of the University's long-term position on debt
- establishes an increased awareness of issues concerning debt
- ensures a common understanding between the University's management, employees and stakeholders of the University's debt preferences, and
- demonstrates to lending institutions that the University adopts a disciplined approach to borrowings and the use of debt.

4.17 This strategy will apply to the University's long-term financial plan and all transactions contemplated or entered into.

4.18 The University will utilise debt as part of a balanced, long-term funding strategy to:

- minimise net financing costs
- make best use of the University's available cash flows
- manage liquidity, and
- enhance financial sustainability.

4.19 The University will manage borrowing and debt levels to target the financial sustainability guidelines for debt

and interest coverage, supported by both the Department of Education, Skills and Employment and Queensland Treasury Corporation, and meet the University's and/or current lenders' own guidelines or performance indicators to the extent these are established.

Debt guidelines

- 4.20 Part 5 of the *Statutory Bodies Financial Arrangements Act* details the borrowing powers for statutory bodies. Approval from the Queensland Treasurer plus departmental approval is required should the University want to borrow.

General debt principles

- 4.21 The following general principles apply to all borrowings:
- the University will avoid debt to finance operating expenditure other than in exceptional circumstances and approved by the University Council (refer 5.4 [liquidity risk](#))
 - the University recognises the additional cost incurred when assets are acquired through the use of debt and that this cost should be absorbed through increased costs of providing that infrastructure
 - the University will endeavour to fund its capital management plan from operating cash flows. Where borrowing is required to support the planned funding, any projects included will have been assessed against the following required attributes:
 - strategic importance
 - the ability of the project to produce new or increased income
 - the University acknowledges that the prudent use of debt can foster intergenerational equity and complements part of a long-term balanced funding strategy
 - all relevant financial reports will give full disclosure of existing debt, and
 - the Chief Operating Officer will liaise with the Department of Education, Skills and Employment and Queensland Treasury Corporation around the appropriate term and structure of debt within the terms of the Department of Education, Skills and Employment's approval.

Leasing

- 4.22 Leasing will be managed by applying the following strategies.
- leases are a permitted form of funding available to the University
 - the University is permitted to enter into a lease provided that the transaction meets the tests for obtaining a lease set out in Part 5 of the *Statutory Bodies Financial Arrangements Act*
 - the University will not enter into a lease unless it is proven to be the least-cost option, except through specific approval by the Chief Operating Officer, and
 - the Chief Operating Officer is responsible for ensuring that the lease criteria are met prior to any leasing arrangements being entered into.

Bank guarantees

- 4.23 Bank guarantees will be managed by applying the following strategies:
- guarantees will only be entered into where a known encumbrance exists
 - guarantees will be denominated in AUD wherever possible, and
 - quotes must be obtained from the University's transactional bank and Queensland Treasury Corporation prior to entering into a guarantee.

5 RISK MANAGEMENT

5.1 The University's approach to risk management is guided by its [Risk Appetite Statement](#), recognising that the University's appetite for risk varies according to the activity undertaken. The financial risks associated with treasury activities are credit risk, liquidity risk, interest rate risk, foreign exchange risk, strategic growth risk, compliance risk, funding risk, operational risk and technology risk.

5.2 The following table sets out the University's appetite and risk approach for the financial risks identified:

Risk	Risk Appetite Range	Risk Approach
<ul style="list-style-type: none">• Strategic growth	High	An entrepreneurial acceptance to risk taking
<ul style="list-style-type: none">• Interest rate• Foreign exchange	Moderate	A balanced and informed approach to risk taking
<ul style="list-style-type: none">• Credit• Liquidity• Operational• Technology• Funding risk	Low	Accepts as little risk as possible and takes a conservative approach to risk taking
<ul style="list-style-type: none">• Compliance	Minimal	Unacceptable to take risks with a no compromise approach to risk taking

Credit risk

5.3 The primary objective of managing credit risk is to ensure that the University does not suffer losses due to counterparty failure that significantly impacts the financial performance of the University. Credit risk will be managed by adhering to the investment parameters and credit requirements set out in [Appendix B](#) of this policy and procedure.

Liquidity risk

5.4 The primary objective of managing liquidity risk is to ensure that there are sufficient funds available to meet the University's financial commitments when required. It is also to plan for unforeseen events which may curtail cash flows and cause pressure on liquid assets. The possible causes of a crisis in liquidity include:

- unexpected reduction in revenues
- unexpected increase in operating expenses
- unexpected capital expenditure
- sustained reduction in profitability, and
- business disruption.

5.5 In addition to the balances held in its bank account for routine operating requirements, the investment portfolio will maintain sufficient liquidity to meet all reasonably anticipated operating cash flow requirements, as and when they fall due, without incurring significant transaction costs due to being required to sell an investment. Liquidity risk levels are assessed as requiring sufficient cash investments including any approved off-balance sheet facilities (ie. Council approved overdraft limit) in the calculation, to cover University salaries and on-costs for six weeks, plus externally restricted cash liability.

Interest rate risk

5.6 Interest rate risk will be managed by minimising the University's exposure to the impact of fluctuations in interest rates by:

- keeping minimal cash balances (approximately \$25k) in the University General Fund by monitoring daily cash requirements and ensuring excess funds are placed into the highest interest-bearing account available (either Queensland Treasury Corporation Cash Fund or Commonwealth Bank of Australia On-Call account) unless the General Fund account attracts an interest rate that exceeds the other investment

options, and

- borrowing assessments and applications should be made in conjunction with advice from the Department of Education, Skills and Employment and the Queensland Treasury Corporation.

Foreign exchange risk

5.7 The primary objective of managing foreign exchange risk is to mitigate the University's exposure to revenues and expenses denominated in foreign currency and to ensure budget certainty is maintained.

5.8 Foreign exchange risk will be managed by:

- identifying exposures to foreign exchange movements
- exchanging sufficient cash into the required currency as soon as practicable, once the requirement is known, to provide budget certainty for the University
- the value of derivative transactions should not exceed the value of the underlying asset being hedged
- the University may enter into derivative transactions for known purchases/commitments only, and the derivative may only be entered into to hedge against foreign currency exchange rate risk
- the type of derivatives which may be entered into is limited to forward foreign exchange contracts
- derivative transactions are subject to the requirements of Part 7 of the *Statutory Bodies Financial Arrangements Act*
- speculative transactions are strictly prohibited
- each transaction requires prior approval from the Chief Operating Officer and must be reported in accordance with sections 55 and 56 of the *Statutory Bodies Financial Arrangements Act*, and
- all hedging transactions must be included in the regular quarterly report to the Audit, Risk and Finance Committee.

Strategic growth risk

5.9 The primary objective of managing strategic growth risk is to ensure that investment in activities that achieve high growth outcomes is considered after all options have been evaluated, selecting the most appropriate option for an acceptable level of risk. Strategic growth risk will be managed by maintaining a formal strategic risk register and reporting of the register to the Audit, Risk and Finance Committee at regular intervals.

Compliance risk

5.10 Compliance risk will be managed by:

- an annual review by Internal Audit of compliance with this policy and procedure, the requirements of the *Statutory Bodies Financial Arrangements Act* and reporting of exceptions to the Audit, Risk and Finance Committee and Chief Operating Officer
- where exceptions are found, investigations detailing the circumstances and strategies for preventing the breach will be documented and approved by the Chief Operating Officer, for submission to the Audit, Risk and Finance Committee, and
- systemic breaches could result in action in accordance with the University [Code of Conduct](#).

Funding risk

5.11 The risk associated with the impact on cash flow from higher funding costs or lack of availability of funds will be managed by daily cash flow monitoring.

Operational risk

5.12 Operational risk will be managed by maintaining a formal Treasury and Investments Policy and Procedure and the establishment of appropriate internal controls and segregation of duties.

Technology risk

- 5.13 Technology risk will be managed in accordance with the University [Business Continuity Planning and Incident Management Policy and Procedure](#).

Commodity price risk (electricity only)

- 5.14 The primary objective of managing commodity price risk is mitigating the University's exposure to increased commodity prices. Commodity price risk will be managed by negotiating supply contracts with a fixed price for the commodity where possible.

6 TRANSACTIONAL BANKING FUNCTION

- 6.1 The treasury function at the University is managed centrally. Transactional banking must be provided by counterparties who have an S&P rating classification of 'A' or above. Responsibility for transactional banking rests with the Chief Operating Officer who has authority to:
- open, maintain, operate and close bank accounts (a complete list of all approved open bank accounts is contained in [Appendix C](#))
 - negotiate automatic and manual transfers of funds facilities
 - request the operation of any service to any account
 - act as Authorised Person/Verifying Officer in relation to banking contracts and accounts
 - issue instructions to a bank regarding manual payments, safe custody or security procedure in accordance with policy and delegated authority
 - negotiate and execute facilities or limits required to optimise bank account structures (i.e. 'daylight' or Real Time Gross Settlement (RTGS) limits), and
 - recommend the execution of any legally binding agreement and associated documents to novate hedging or trade finance arrangements to or from the University in accordance with the Authorities and Delegations Register and other policy documents as applicable.
- 6.2 The Chief Operating Officer may delegate the above responsibilities to the Deputy Director Financial Accounting and Operations, or other University officers as required.

Signatories

- 6.3 Transfer of funds between bank and investment accounts (i.e. QTC, QIC) requires authorisation by two Category A approvers; OR one Category A and one Category B approver. In exceptional circumstances, and with prior approval of the Chief Operating Officer, two Category B authorisers can be used. A list of approved authorisers is contained in [Appendix C](#).
- 6.4 Online transactions through the University's net banking facility (currently [CommBiz](#)) requires two approved authorisers. The list of approved authorisers is contained in [Appendix D](#).
- 6.5 Signatories (approvers) for banking arrangements must be selected from the approved delegation list, which will be reviewed and approved by the Chief Operating Officer annually.

7 RESPONSIBILITIES

Compliance, monitoring and review

- 7.1 All University employees must comply and undertake activities associated with this policy and procedure with a duty of care, skill, prudence and diligence to protect the University from mismanagement and misuse of funds. Employees will manage the investment portfolio not for speculation, but for investment in accordance with the spirit of the policy and procedure and should avoid any transaction that might harm confidence in the University. They should also consider the safety of capital and income objectives when making investment decisions.

7.2 Detailed responsibilities for the Audit, Risk and Finance Committee, Chief Operating Officer and Deputy Director Financial Accounting and Operations are set out in the following sections.



Audit, Risk and Finance Committee

7.3 The Audit, Risk and Finance Committee responsibilities are to:

- following advice from the Chief Operating Officer
 - recommend to Council the establishment of, and amendments to, this policy and procedure
 - recommend to Council the University Investment Strategy
 - recommend to Council amendments to counterparty limits
 - conduct an annual review of the University's funding and risk management strategy
- approve, following advice from the Chief Operating Officer:
 - foreign currency hedging strategies
 - the appointment or termination of fund managers
- conduct an annual review of policy compliance and performance
- review any policy breaches and corrective actions taken
- review internal compliance systems and controls, and
- review any internal or external audit reports relating to treasury and investment activities.

Chief Operating Officer

7.4 The Chief Operating Officer will have oversight of all aspects of the application of this policy and procedure. The Chief Operating Officer's responsibilities are to monitor the investment portfolio to assess the:

- performance and effectiveness of the investment portfolio, and investment strategies as a whole, against the objectives outlined in this policy and procedure
- performance of each fund manager against their relevant benchmarks and stated mandate
- management of associated investment risks, duration and diversification, and
- compliance with this policy and procedure.

Deputy Director Financial Accounting and Operations

7.5 The Deputy Director Financial Accounting and Operations is responsible for overseeing and implementing all treasury activities. This encompasses the daily management of the University's borrowing, investment and hedging activities, within the bounds and authority as delegated by the Chief Operating Officer, including the:

- implementation of investment and financial risk management activities
- ensuring accurate records are maintained in respect to the treasury function and all financial risk management activities
- maintaining a register of bank accounts (summarised in [Appendix C](#)), which must include the following details:
 - financial institution details
 - name and number of the account
 - purpose of the account
 - overdraft limit (where applicable)
 - date opened, and
 - date closed
- maintaining a register of account signatories ([Appendix C](#)) and authorised persons for day-to-day net banking transactions ([Appendix D](#)) which must include the following details:
 - bank account
 - name
 - position
 - authorisation
 - authorisation commencement date, and
 - authorisation cessation date

The authorised persons register should be reviewed when there are employee changes, or at least annually to ensure ongoing alignment with the University's requirements.

- preparation and updating of the treasury section of the [Financial Management Practice Manual](#)
- ensuring documented treasury procedures incorporate appropriate internal controls and segregation of duties
- management of relationships with financial institutions in conjunction with the Chief Operating Officer as appropriate
- preparation of briefings and reports for the Queensland Treasurer, the Department of Education, Skills and Employment, Queensland Treasury Corporation and any other parties under legislation as required, and
- ensuring all parties are aware of their responsibilities under this policy and procedure.

Transitional provisions

7.6 Any material change to this policy and procedure may give rise to a period of transition and will be subject to a transitional implementation period as approved by the Audit, Risk and Finance Committee.

Reporting

7.7 The Chief Operating Officer will report on compliance with this policy and procedure as part of regular reporting to the Audit, Risk and Finance Committee.

- 7.8 Where a breach of this policy and procedure has occurred, the Chief Operating Officer, and the Chair of the Audit, Risk and Finance Committee must be advised immediately of the nature of the breach, the circumstances under which the breach occurred and an outline of what action will be taken to correct the breach. They will assess the impact and actions to be taken and determine the appropriate escalation communication required.
- 7.9 Where internal or external issues are identified outside of the normal budget cycle that have the capacity to materially impact on the University's financial sustainability, the Audit, Risk and Finance Committee may revisit strategies in this policy and procedure to facilitate alignment and achievement of the University's operational and strategic plans.

Investment performance monitoring and reporting

- 7.10 The University's investment portfolio and each investment strategy's performance is monitored separately on a monthly, quarterly and annual basis, with at least quarterly reporting to the Audit, Risk and Finance Committee including assessment of rolling three- and five-year results. Any material adverse developments within any investment strategy will be noted in the treasury report at the next meeting of Audit, Risk and Finance Committee.
- 7.11 Fund managers will provide, in a timely manner, a quarterly report on the performance of the funds managed, which will include, as a minimum:
- the overall performance of the portfolio for the quarter, including fees and costs
 - the asset allocation for the quarter, including performance versus targets/objectives
 - returns of the funds over a given timeframe (i.e. since inception, three months, six months, one year, two years, etc.)
 - compliance statement with University policy and objectives, and
 - assessment of market conditions and recommendations for future actions.
- 7.12 Fund managers may be required to provide specific market and strategy reports as and when required by the Chief Operating Officer and/or the Audit, Risk and Finance Committee.

Monitoring of fund managers

- 7.13 Fund managers may be reviewed and/or replaced if they fail to achieve or are assessed to be likely to fail to achieve in the future the objectives set, or where in the opinion of the University there is a material change in the fund manager or University policy or strategy, such that it puts at risk the ability of the fund manager to retain the appointment to the satisfaction of the University.
- 7.14 Fund manager performance will be formally reviewed annually, and a recommendation made from the Chief Operating Officer to the Audit, Risk and Finance Committee as to whether to retain or terminate a Fund Manager.

Conflict of interest

- 7.15 Employees must advise where any real, perceived or potential conflict of interest may exist in relation to the activities covered within this policy and procedure.
- 7.16 Further details on identifying and dealing with a conflict of interest are provided in the [Conflict of Interest Policy and Procedure](#).

Records management

- 7.17 Employees must manage records in accordance with the [Records Management Policy and Procedure](#). This includes retaining these records in a recognised University recordkeeping information system.
- 7.18 University records must be retained for the minimum periods specified in the relevant [Retention and Disposal Schedule](#). Before disposing of any records, approval must be sought from the Records and Privacy Team (email records@cqu.edu.au).

8 DEFINITIONS

- 8.1 Terms used in this policy and procedure are defined in [Appendix A](#).
- 8.2 Terms not defined in this document may be in the University [glossary](#).

9 RELATED LEGISLATION AND DOCUMENTS

[Authorities and Delegations Register](#)

[Business Continuity Planning and Incident Management Policy and Procedure](#)

[Cash Management Procedure](#)

[Central Queensland University Act 1998](#) (Qld)

[Code of Conduct](#)

[Conflict of Interest Policy and Procedure](#)

[Enterprise Risk Management Framework](#)

[Financial Accountability Act 2009](#) (Qld)

[Financial and Performance Management Standard 2019](#) (Qld)

[Fundraising and Acceptance of Donations Policy and Procedure](#)

[Risk Appetite Statement](#)

[Risk Management Policy](#)

[Statutory Bodies Financial Arrangements Act 1982](#) (Qld)

[Statutory Bodies Financial Arrangements Regulation 2019](#) (Qld)

10 FEEDBACK

- 10.1 Feedback about this document can be emailed to policy@cqu.edu.au.

11 APPROVAL AND REVIEW DETAILS

Approval and Review	Details
Approval Authority	Council
Delegated Approval Authority	N/A
Advisory Committee	Audit, Risk and Finance Committee
Required Consultation	N/A
Administrator	Chief Operating Officer
Next Review Date	24/08/2023

Approval and Amendment History	Details
Original Approval Authority and Date	Council 16/05/2002
Amendment Authority and Date	Council 16/07/2004; Council 13/12/2004; Council 10/07/2006; Executive Director (Corporate Services) 25/07/2006; Executive Director (Corporate Services) 28/05/2007; Council 24/09/2007; Council 11/05/2009 (includes a title change from Control of Investments Policy); Council 25/06/2012; Council 24/06/2013; Council 25/10/2017; Deputy Vice-Chancellor (Finance and Planning) 8/12/2017; Deputy Vice-Chancellor (Finance and Planning) 23/10/2018; Council 23/08/2019; Editorial amendment 9/10/2019; Editorial amendment 15/11/2019; Council 18/03/2021; Council 28/04/2021; Editorial amendment 18/08/2021; Council 29/06/2022; Council 24/08/2022; Editorial amendment 12/01/2023.
Notes	This document consolidated and replaced the Investments Policy, Investments Procedure (25/10/2017) and Borrowing Policy (FMPM) (approved 8/12/2017).

12 APPENDICES

Appendix A: Terms and definitions

Asset allocation: the invested funds exposure to short-term and long-term credit rating counterparties and asset classes

At call: where the investment can be redeemed and the monies invested can be retrieved from the financial institution within 24 hours or in the case of investments with set maturity dates within 30 days without penalty. Cash funds that the University may, without penalty, obtain all amounts under the investment:

- immediately upon providing notice to the entity in which the funds/investments are held, or
- within 30 days after the notice is given to the entity in which the funds/investments, with set maturity dates are held

AUD: Australian dollar

Bank account – general: CQUniversity AUD transactional account. Full account lists are set out in [Appendix C](#).

Bank account – on-call: CQUniversity on-call account. Full account lists are set out in [Appendix C](#).

BBSW: Bank Bill Swap interest rate.

Benchmark: a predetermined set of securities, which is based on published indices or customised for an investment strategy, for performance comparisons.

Borrowing: the raising and obtaining, in any way, of money, credit and other financial accommodation.

Counterparty: both a legal and financial term that refers to the other individual or institution to an agreement or contract.

Defensive assets: includes investments such as cash and fixed interest and are considered low risk.

Duration: the weighted-average life of the present value of all future cash flows (including principal and interest) of a security.

Endowment: an investment fund established by the University for receiving third party donations as well as contributions for the University's own reserves with the purpose of generating operating income for specific or general purposes.

Fund: a sum of money or other resources set aside for a specific purpose (e.g. a managed fund, investment asset).

Fund manager: a person appointed by the University to manage its investment arrangement on its behalf.

Hedging: treasury transactions to manage residual exposure to foreign currency risk and interest rate risk.

Illiquid investments: securities with unique features, structured elements or those issued by counterparties that are not well known or thinly traded; sub-investment grade securities and potentially also securities with a BBB rating; private placements; and securities that are not priced or priced by less than two brokers/dealers. For statutory bodies with Category 3 investment power, an investment in land and buildings would be considered an illiquid investment.

Investment advisor: an organisation appointed by the University to provide advice on investment markets and strategic asset allocation.

Investment portfolio: the University's surplus funds available for investment.

Investments: arrangements that are undertaken or acquired with the expectation of achieving a financial return.

Lease: an agreement whereby the lessor (owner) conveys to the lessee (user of asset/s) in return for a payment or series of payments the right to use an asset for an agreed period of time.

Long-term investment: greater than one year.

Long-term rating: greater than one year.

Preservation of capital: an investment strategy with the primary goal of preventing losses in an investments total value. In modern portfolio theory terms, it refers to a guaranteed investment of principal, which would provide a return of at least inflation.

Prudent person standard: A legal standard restricting the investing and managing of a client's account to what a prudent person seeking reasonable income and preservation of capital might exercise for his or her own investment.

S&P: Standard and Poor's (Australia) Pty Ltd.

Securities: A tradable financial asset. Broadly categorised into:

1. Debt securities: e.g. bank notes bonds and debentures
2. Equity securities: e.g. common stocks

Short-term investment: less than 12 months.

Short-term rating: less than 12 months.

Speculative transactions: transactions which engage in financial speculation in an attempt to profit from fluctuations in the market value of an investment rather than attempting to profit from the underlying financial attributes embodied in the investment such as capital gains, interest, or dividends. For example, transactions where the aim is to profit from a market movement rather than holding the investment through to maturity.

Appendix B: Credit rating and counterparty limits

The below are the credit ratings and counterparty limits approved by Council. Managed funds may be used as approved by the Queensland Treasurer or as allowed within the Governing legislation.

Cash investment strategy asset allocation limits

Rating classification	Counterparty Limits		Tier Limits	
	Maximum \$ limit (per counterparty)	Maximum % of Cash Pool (per counterparty)	Minimum % of Cash Pool (for Tier)	Maximum % of Cash Pool (for Tier)
QTC/QIC	No limit	100%	0%	100%
AAA	\$40m	30%	0%	100%
AA	\$20m	20%	0%	50%
A	\$10m	10%	0%	10%
BBB+ or below	\$0	0%	0%	0%

If the rating of a current investment falls below the required level, either:

- the approval of the Chief Operating Officer must be obtained to continue the investment, or
- if approval is not granted, the investment must be liquidated within 28 days of the change in the rating becoming public.

Growth investment strategy asset allocation ranges

Asset Class	Minimum	Benchmark	Maximum
Australian Listed Property	0%	10%	20%
Australian Equity	0%	35%	45%
Australian Fixed Income	0%	15%	20%
Defensive Alternatives	0%	5%	10%
Global Equity	0%	5%	15%
Global Fixed Income	0%	15%	20%
Listed Infrastructure	0%	15%	20%

Descriptions

Australian Listed Property	Real estate investments and property unit trusts
Australian Equity	Ordinary shares traded on the Australian Stock Exchange
Australian Fixed Income	Fixed income securities issued in Australia by Australian governments and corporates with investment grade credit ratings
Defensive Alternatives	Alternatives that are expected to be less volatile than traditional asset classes
Global Equity	Ordinary shares traded on global stock exchanges
Global Fixed Income	Fixed income securities issued in developed countries by Global governments and corporates with investment grade credit ratings
Listed Infrastructure	Physical assets and their associated services that are essential for the functioning of a modern society

Strategic growth strategy allocation ranges

Asset Class	Minimum	Maximum
Australian Property	50%	100%
International Property	0%	50%

Appendix C: Approved open bank accounts and signatories

CQUniversity Bank Accounts

Bank	Account Name	Account type
Commonwealth Bank of Australia	Central Queensland University General Fund	Cheque account
Commonwealth Bank of Australia	Central Queensland University Bookshop	Sweep account into Central Queensland University General Fund
Commonwealth Bank of Australia	Central Queensland University - Cap College 2	Sweep account into Central Queensland University General Fund
Commonwealth Bank of Australia	Central Queensland University - Paypal Account	Sweep account into Central Queensland University General Fund
National Australia Bank	Central Queensland University – QTC FX	Cheque Account

Subsidiary Bank Accounts - Onshore

Bank	Account Name	Account type
Commonwealth Bank of Australia	CQU Travel Centre Pty Ltd	Interest Bearing Cheque Account
Commonwealth Bank of Australia	CQU Travel Centre Pty Ltd Trust Account	Trust Account
Commonwealth Bank of Australia	C Management Services	Interest Bearing Cheque Account
Commonwealth Bank of Australia	DataMuster Pty Ltd	Interest Bearing Cheque Account

Subsidiary Bank accounts - Offshore

Bank	Account Name	Account type
Bank CIMB Niaga	PT CQU Executive Business Training Centre	Interest Bearing Transaction Account
Bank BNI	PT CQU Executive Business Training Centre	Transaction Account
Bank BNI	Yayasan Pendidikan Tanah Ratu	Transaction Account

Investment accounts

Bank	Account Name	Account type
Queensland Treasury Corporation	Central Queensland University	Capital Guaranteed Cash Fund
Queensland Investment Corporation	Central Queensland University	QIC Long Term Diversified Fund
Commonwealth Bank of Australia	Central Queensland University Cash Deposit Account	On-Call Investment account
Commonwealth Bank of Australia	CQU Travel Centre Pty Ltd	Term Deposit Investment Account
Commonwealth Bank of Australia	CQU Travel Centre Pty Ltd	Term Deposit Investment Account
Bank Bukopin Syariah	PT CQU Executive Business Training Centre	Short Term Deposits

Bank BPR Inti Dana	PT CQU Executive Business Training Centre	Short Term Deposits
Bank Bahana Ekonomi Sentosa	PT CQU Executive Business Training Centre	Short Term Deposit
Bank Sarana Multi Dana	PT CQU Executive Business Training Centre	Short Term Deposit
Bank DBS	Yayasan Pendidikan Tanah Ratu	Short Term Deposit

Credit facilities	Account name	Facility limit
Commonwealth Bank Business Card	Central Queensland University Corporate Card Facility	\$3,000,000
Queensland Treasury Corporation	Central Queensland University – Overdraft Facility	\$20,000,000
Commonwealth Bank Business Card	CQU Travel Centre Pty Ltd – Credit Card Facility	\$55,000

Signatories: Central Queensland University General Fund (any two signatories)

Vice-Chancellor and President
Chief Operating Officer
Deputy Director Corporate Budget
Deputy Director Financial Accounting and Operations
Deputy Director Business Intelligence and Analytics

QTC signatories - Category A

Chief Operating Officer
Deputy Director Financial Accounting and Operations
Deputy Director Corporate Budget
Deputy Director Business Intelligence and Analytics

QTC signatories - Category B

Manager Financial Accounting
Manager Finance Operations
Coordinator Banking and Payments
Financial Accountant

QIC Signatories - Category A

Chief Operating Officer
Deputy Director Corporate Budget

QIC Signatories - Category B

Deputy Director Financial Accounting and Operations
Manager Financial Accounting

Signatories: DataMuster Pty Ltd (any two signatories)

Chief Operating Officer Deputy Director Financial Accounting and Operations
Senior Executive Officer, Corporate Services

Signatories: C Management Services Pty Ltd (any two signatories)

Chief Operating Officer Deputy Director Financial Accounting and Operations
Manager Financial Accounting

Signatories: PT CQU Executive Business Training Centre (any two signatories)

President Director and Associate Vice-President
Head of Academic Affairs

Signatories: Yayasan Pendidikan Tanah Ratu

President Director

Signatories: CQU Travel Centre (one signatory up to and including \$20,000; any two signatories > \$20,000)

Travel Centre General Manager
Chief Operating Officer Deputy Director Financial Accounting and Operations
Manager Financial Accounting
Senior Executive Officer, Corporate Services

Appendix D: List of approved net banking authorisers and roles

Roles	Users	A/c Name	Transactions
Accounts Payable	Deputy Director Financial Accounting and Operations Manager Finance Operations Accounts Assistant Manager Financial Accounting Coordinator Banking and Payments Coordinator Accounts Payable Systems Accountant (read only)	Cash Deposit General Fund Cap College	Money Market Stop Cheque Service International Money Transfer Direct Credit Stop Cheque Service
Payroll	Manager HR Systems and Payroll HR Operations Coordinator Coordinator Banking and Payments Deputy Director Financial Accounting and Operations Manager Financial Accounting Senior Payroll Services Officer - Superannuation	Cash Deposit General Fund	Money Market Direct Credit
Accounts Receivable	Accounts Receivable Officer Senior Accounts Receivable Officer Manager Finance Operations Accounts Receivable Support Officer Banking and Reconciliations Officer Coordinator Banking and Payments Deputy Director Financial Accounting and Operations Manager Financial Accounting	Cash Deposit CommWeb Aust Post Bpay General Fund	Money Market
Treasury	Accounts Receivable Support Officer Banking Officer Banking and Reconciliations Officer Coordinator Banking and Payments	Cash Deposit Aust Post Bookshop Bpay Cap College General Fund	Money Market
Foreign Markets - Creation	Manager Finance Operations Accounts Assistant Accounts Receivable Support Officer Coordinator Banking and Payments Coordinator Accounts Payable		Users can View and Create FX transactions
Foreign Markets - Authorisation	Manager Finance Operations Deputy Director Financial Accounting and Operations Coordinator Banking and Payments Coordinator Accounts Payable Manager Financial Accounting		Users can View and Authorise (Non CBA settlement instructions)
Address Book	Accounts Assistant Accounts Receivable Support Officer Manager, Financial Accounting Manager Finance Operations Coordinator Banking and Payments Coordinator Accounts Payable Deputy Director Financial Accounting and Operations		Foreign Markets - Maintain Transaction Group Templates Maintain Address Books Foreign Markets - Maintain Transaction Group Templates Maintain Address Books
Administrator	Coordinator Banking and Payments Manager Finance Operations		