



## AP 514 – INVESTMENTS

### BACKGROUND

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The purpose of this administrative procedure is to outline the parameters and objectives for the investment of school division funds. The objectives for the investment of school division funds are:

1. Preservation of capital/principal through minimization of risks;
2. Maintenance of liquidity appropriate to meet ongoing financial requirements;
3. Utilization of self-financing where practical and possible; and
4. Maximization of rates of return through competitive processes.

The finance department, as designated by the Chief Financial Officer, is responsible for:

1. The preparation and maintenance of cash flow statements;
2. The management and transacting of investment activities; and
3. The selection of investment placements in accordance with this policy.

### PROCEDURES

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1. The finance department will prepare and maintain a current cash flow position for the school division. This cash flow information will be used to determine the amount and duration of investment placements.
2. Investment placements will be tendered.
3. Investments may include deposit receipts, deposit notes, certificates of deposit or investment, acceptances or similar instruments, the terms of which provide that the principal and interest shall be fully repaid no later than one year after the day the investment was made, that are issued or guaranteed by:
  - 3.1. The Government of Canada or a Province or Territory of Canada;
  - 3.2. A bank listed in Schedule I of *The Bank Act (Canada)*,
  - 3.3. A bank listed in Schedule II of *The Bank Act (Canada)*, provided that pre-authorization from the Chief Financial Officer is obtained prior to the quotation of rates in the tender process;
  - 3.4. A loan corporation or trust corporation; or
  - 3.5. A credit union.
4. The eligibility of institutions for the placement of investments will be determined on the basis of legislation and commercial paper ratings established by the Dominion Bond Rating Service (DBRS). Where an institution is not rated by DBRS, the eligibility of institutions for the placement of investments will be determined on the basis of the existence of a deposit guarantee by the Government of Canada or a Province or Territory of Canada.
5. Investment may be placed only with institutions rated at the R-1 level by DBRS. Where an institution is not rated by DBRS, investments may be placed only with institutions that are covered by deposit guarantees by the Government of Canada or a Province of Canada (for example, the Credit Union Deposit Insurance Corporation (CUDIC) in British Columbia or the Credit Union Deposit Guarantee Corporation (CUDGC) in Alberta and Saskatchewan).



6. Investments in any financial institution shall be limited as follows:

R-1 (High)	\$30 million
R-1 (Medium)	\$20 million
R-1 (Low)	\$10 million

7. Where an institution is not rated by DBRS, but a deposit guarantee is in place, investments shall be limited to \$20 million.

8. The amount and term of the investment shall be established prior to quotations being sought and shall remain unchanged upon receipt of the quotations. Within the limits as specified in this policy, the quotation with the highest interest rate shall be accepted. In the event of equal rates, the Director of Education, and Chief Financial Officer shall determine with which institution the investment will be made.

Reference: Section 87(j), Education Act  
Section 76, Regulations

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