

D.03 Investment Policy

1.0 INTRODUCTION/BACKGROUND

The Board of Mercy Services is responsible for ensuring that the organisation operates within a responsible, sustainable financial framework and that the organisation has adequate resources to carry out its work. Mercy Services's Investment Plan forms an important part of fulfilling this responsibility.

The Global Financial Crisis (2008) has had a significant detrimental impact on the amount of donations received by charities, the amount of funding available from philanthropic trusts, and on the invested funds of charities (Shergold, 2009). In this context, the Mercy Services Board must plan for an uncertain future in which the depth, scale and length of the economic downturn is unclear.

2.0 SCOPE

This policy is designed to:

- direct the use of investment funds of Mercy Services; and
- determine Mercy Services's future financial planning strategies to ensure that the organisation is able to maintain its operating budget and create growth.

3.0 POLICY STATEMENT

The Board of Mercy Services is responsible for maintaining and extending the assets of the organisation, to provide for its long-term financial viability. In its stewardship of Mercy Services's financial assets, the Board has adopted the policy to ensure that any assets not required for the current operating budget will be invested in accordance with the Mercy Services's Investment Plan.

The purpose of the Mercy Services Investment Plan is to manage the cash assets not required for current operating expenses so as to maximise the earnings of such assets, while retaining security and minimising risks. All interest and other earnings from such investments are deposited into the Mercy Services operating account and become part of the annual operating budget.

The Investment Plan is designed to ensure that:

- Mercy Services's funds are utilised to achieve a balanced operating budget.
- Mercy Services creates capital growth and generates income.
- There will be access to cash to cover current liabilities.
- Mercy Services will have access to cash for establishing new projects.
- Mercy Services will have access to cash for unforeseen expenses.

Responsibility

The General Manager and Senior Officer, Finance & Administration, in consultation with the Finance and Audit Committee, are responsible for recommending an Investment Plan portfolio for consideration by the Board in the context of the annual Operating Plan.

4.0 PROCEDURES

A. Investment Guidelines

1. Capital funds that Mercy Services accumulates will be invested in interest bearing assets and the interest generated by these investments will be used to meet the operating costs of the organisation.
2. Unexpended and uncommitted annual budget funds at the end of a financial year are to be allocated for the global use of the organisation in accordance with the Objects of Mercy Services.
3. Priorities set in the Business Plan are to be adhered to.
4. The progress of investment funds are to be considered at the end of the financial year in the annual review of the Investment Plan and in accordance with the Mercy Services budget.
5. Investments are to be made with low to medium risk ventures, that is, investments that provide for security of capital over the medium to long term.
6. Mercy Services will only invest with reputable, established, proven financial institutions.

B. Investment management

1. The General Manager will investigate investment options and make recommendations to the Board, in the form of an Investment Plan, as part of the annual Business Plan.
2. The General Manager will receive information about and keep track of the progress of all investments, and report on the progress of the investments as required to the Finance and Audit Committee and the Board.
3. Ordinarily, the Investment Plan will be reviewed every 12 months as part of the strategic planning for the Operational Plan and the development of the annual Mercy Services Budget.

5.0 REFERENCES

1. Australian Standards	a) nil
2. Legislation	a) <i>Charitable Fundraising Act 1991 (New South Wales)</i> b) <i>Charitable Fundraising Regulation 2008 (New South Wales)</i> c) <i>Corporations Act 2001 (Commonwealth)</i>
3. Professional guidelines	a) nil
4. Codes of Practice	a) nil
5. Codes of Ethics	a) nil
6. Evidence	a) Shergold, P. (2009). <u>Briefing Paper No. 2: The Challenge of Economic Recession for Nonprofit Strategy</u> : Centre for Social Impact, University of NSW, Australia. b)
7. Mercy Services Values	a) Justice, Respect, Care, Unity, Service

6.0 OTHER RELATED POLICIES AND PROCEDURES

- B.02 Delegations
- C.03 Operational Planning
- C.04 Program performance and monitoring
- C.06 Risk Management
- D.01 Budget Planning
- D.02 Fundraising
- D.04 Payments
- D.05 Incoming monies
- D.06 Petty cash
- D.07 Asset purchase and maintenance
- D.11 Insurance
- D.12 Anti Fraud and Anti Corruption
- D.13 Communications (correspondence, telephone, reception)

7.0 RELATIONSHIP WITH STANDARDS

Community Care Common Standards	Disability Standards	EQUIP Standards
1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 2.2, 2.3, 2.4, 3.1, 3.2, 3.3	4.1.a, 8.5, 8.10,8.11	2.1.2, 2.3.2,3.1.2,

8.0 DOCUMENT CHANGES RECORD

Dates of change	Section altered	Natures of changes made
Sept 2006	Policy 8: Financial Management Policy 9: Assets Management & Insurance	
15/10/09	All sections	Policy created expanding previous related Policies
23/03/2011	7.0 Relationship to Standards	Replace HACC Standards and CACP Standards with Community Care Common Standards and update to EQUIP 5 Standards
21/11/2012	All Sections	Organisation name updated
Review due 21/11/2015		

