

## Financial

### Cash Management and Investments

#### GFOA Alberta – Policy Manual

**Policy Type:**

Financial

**Number:** 3.3.1.1

**Policy Name:**

Cash Management and Investments

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**Policy**

GFOA Alberta will manage cash and invest surplus funds in a prudent manner that will provide optimum investment returns with the maximum security while meeting the Association's cash flow requirements.

**Objectives**

This cash management and investment policy has the following objectives listed in priority order:

**Capital preservation** – the Association recognizes its fiduciary responsibility for the stewardship of financial funds with which it has been entrusted. Therefore, the prime objective of this policy is to ensure that cash on hand (including cash held in financial institution current accounts) and the principal amount of each investment are safe from losses due to market conditions and issuer default. To accomplish this objective, GFOA Alberta will ensure that sufficient diversification, as appropriate, exists within its investment portfolio.

**Maintenance of liquidity** – the Association's investment portfolio will be sufficiently liquid in order to enable the Association to meet its operating cash flow requirements that might be reasonably anticipated in the short and longer term. For the purposes of this policy liquidity is defined as the ability to convert an investment into cash with minimum risk associated with loss of principal or accrued interest.

**Rate of return** – the Association's investment portfolio will be effectively managed to ensure that an optimum rate of return is realized on all investments within the parameters of the objectives established within this policy.

**Guidelines/Procedures**

GFOA Alberta will adopt the following guidelines / procedures in respect to this policy.

**Authority**

The Board of Directors (Board) are responsible and accountable for the control, management and administration of GFOA Alberta's cash and investments in accordance with the policy approved by the Association. The Board delegates this responsibility to the Treasurer and the President.

**Responsibilities of the Treasurer**

The Treasurer shall establish appropriate guidelines, procedures, and internal controls:

- a. to ensure the achievement of the objectives which are identified within this policy,
- b. for authorizing persons to engage in cash management and investment activities,
- c. for purchasing and selling investments,
- d. for custody and safekeeping of investments,
- e. for the accounting and reporting of cash management and investment activities, and
- f. for the regular preparation and reporting of bank account reconciliations. A bank reconciliation is to be prepared for each bank account in the name of GFOA Alberta on a monthly basis.

The guidelines, procedures, and internal controls shall be approved and reviewed on a regular basis (minimum annually) by the Board.

The Treasurer shall provide a copy of this policy to each financial institution GFOA Alberta transacts business with.

**Responsibilities of the President**

The President shall monitor the guidelines, procedures and internal controls established by the Treasurer to ensure their compliance with this policy.

**Cheque Authorization and Signatures**

The President, Treasurer, Executive Director and Executive Administrator shall be authorized to sign cheques.

No signatory may sign a cheque issued in the name of the signatory.

Cheques made out to cash are prohibited.

**Procurement & Custody of Investments**

The Treasurer shall ensure:

- a. that the method of procurement achieves and maximizes the objectives of this policy,
- b. that each individual investment transaction (purchase or sale) is jointly authorized by the Treasurer and the President (or another member of the Board) prior to the transaction occurring,
- c. that all investment certificates issued to GFOA Alberta are in the name of or held in the name of GFOA Alberta.
- d. that negotiable securities are held in one of two ways;
  1. in a safekeeping compartment with GFOA Alberta's banker, or
  2. held by a third-party custodian in the name of GFOA Alberta and evidenced by safekeeping receipts and monthly statements.
- e. that nonnegotiable investment certificates are maintained in an appropriate investment file in the custody of the Treasurer, and
- f. that financial institutions provide the Treasurer with confirmation of the investment certificate.

The Treasurer will report on the cash management and investment activities undertaken by GFOA Alberta. The following information will be provided to the Board on a regular basis (generally at scheduled Board meetings):

- a. total assets within the investment portfolio,
- b. specific holdings within the investment portfolio,
- c. effective rate of return on the investment portfolio,
- d. evaluation of portfolio performance, and
- e. bank reconciliations and cheque logs.

GFOA Alberta's Cash Management / Investment Policy shall be reviewed annually by the Board, who will approve any changes, as required.