

<b>Policy Title:</b> Investment Management Policy and Procedure		<b>Policy Number:</b> P14
<b>Policy Category:</b> Finance		
<b>Approval Date:</b> June 30, 2003		<b>Policy Owner:</b> Financial Services
<b>Approved by:</b> Board		<b>File Reference:</b> 0340-50

### Policy Statement

It is the policy of the Comox Valley Regional District that the Municipal Finance Authority (MFA) be designated as the Comox Valley Regional District portfolio fund manager for general, water and sewer statutory reserve funds.

### Purpose and Scope

The purpose of the Investment Management Policy is to set out the responsibilities, policies and accountability associated with the management and administration of investments of general, water and sewer statutory reserve funds.

### Guiding Principle

The investment management policy is guided by the principle of conservative management philosophy based on preservation of capital, diversification, return on investment, statutory limitations and liquidity.

### Roles and Responsibilities

1. The officer responsible for financial administration of the CVRD is responsible and accountable for the management and safe keeping of all investments. The Chief Financial Officer is the officer responsible for the administration of the investment management policy.
2. The Chief Financial Officer, is responsible for the implementation of the day-to-day administration of the investment management policy, and will establish and employ such practices, processes, procedures or methods as are determined appropriate to the efficient and effective operation of investment management.
3. The MFA is the designated portfolio fund manager and is responsible in conjunction with the Chief Financial Officer for meeting the objectives of the investment management policy. The MFA is responsible for providing monthly detailed transaction reporting as well as performance reports.
4. The MFA in conjunction with their investment managers shall be relied on for advice and information with regard to meeting the objectives of the investment management policy.

## Objectives

The investment of CVRD reserve funds must reflect the guiding principles, specifically:

- (a) Preservation of capital – Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The preservation of capital is accomplished through the placement of funds with institutions rated in the marketplace as having the highest credit worthiness.
- (b) Diversification of the portfolio – Investments shall be diversified in order to minimize potential losses on individual securities and to maximize the yield in a blend of financial products. In establishing specific diversification strategies, maturities selected shall provide for stability of income and reasonable liquidity. Diversification strategies may be revised periodically to reflect budgetary and economic cycles in order to preserve capital and maximize the return on the portfolio.
- (c) Return on investment – The investment portfolio shall be designed with the objective of attaining an above average market rate of return throughout the budgetary and economic cycles.
- (d) Liquidity – The investment portfolio shall remain sufficiently liquid to enable the CVRD to meet the current five-year financial plan and any other statutory obligation.

## Statutory Limitations

All investments are limited pursuant to the *Local Government Act*; the Chief Financial Officer is legally responsible pursuant to the *Local Government Act* for the investment of funds. Investment activities undertaken by the MFA, the portfolio fund manager, will be done as an agent of and under the supervision of the Chief Financial Officer .

## Ethics and Conflict of Interest

Officers and employees involved with the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment management program, or which could impair their ability to make impartial investment decisions.

## Prudence

- (a) Investments shall be made with judgment and care, under circumstances then prevailing, as they would by a prudent person who would use discretion and intelligence in carrying out the objectives of the investment policy.
- (b) The Chief Administrative Officer, Chief Financial Officer and the Manager of Financial Planning acting in accordance with the Investment Management Policy and exercising due diligence, shall be relieved of personal responsibility for any individual securities credit risk or market price change, provided deviations from expectations are reported in accordance with the investment management policy and the portfolio strategy is reviewed to control adverse developments.

### Internal Controls

- (a) Procedures shall be established such that internal controls will prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees and officers of the CVRD.
- (b) Procedures will include, but are not limited to:

Control	Recommended Best Practice
(i) Control of fraud	Two signatures on all transactions, Chief Financial Officer or the Manager of Financial Planning and one other authorized signing officer.
(ii) Separation of duties	MFA holds investment portfolio funds; transfer of funds approved by signing officers and accounting performed by finance staff.
(iii) Custodial safekeeping	As a third party holds all investments, a safekeeping receipt or confirmation of investment held must be issued. All investments must be in the name of the Comox Valley Regional District.
(iv) Authorized investments	Governed by the investment management policy, the <i>Local Government Act</i> and approval of the Chief Financial Officer.
(v) Record keeping	All transactions shall be in writing.

### Application of Interest Earned

The CVRD shall distribute proportionately the total annual interest earned on the investment portfolio to each reserve fund based on the 'actual' average monthly balance held in the reserve fund for the year. 'Actual' refers to the physical cash on hand in each reserve fund each month and does not consider accounting entries where funds have not been physically transferred to or from the fund.

### Internal Financing

The CVRD does not provide internal financing.

### Performance Standard

Performance will be measured on the basis of the MFA standard funds performance measures.

### Revision History

Approval Date	Approved By	Description of Change
August 11, 2020	Board	Housekeeping