



VHEMBE DISTRICT MUNICIPALITY

INVESTMENT POLICY

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OBJECTIVE

1. The investment policy is aimed at gaining the optimal return on investment, without incurring undue risk, during the period when cash revenues are not needed for capital or operational purposes.
2. A proper system for the recording of investments must ensure that all surplus funds are invested at the best rates at low risk institutions.

INVESTMENT PRINCIPLES

3. Where money is available for investment, the Chief Financial Officer must ensure that they are invested with more than one institution, wherever practicable in order to limit the risk exposure of the municipality. The Chief financial officer must further ensure that, as far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered. (that is, call, money market and fixed deposits.)

CALL AND FIXED DEPOSITS

4. Before making any call or fixed deposits, the chief financial officer must obtain written quotations from at least three financial institutions.
5. Once the investment is made, the chief financial officer must ensure that the municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality
6. No investment for a period exceeding twelve months should be made without Council's approval.

CONTROL OVER INVESTMENTS

7. The chief financial officer must ensure that proper records are kept for all investment made by the municipality.
8. An investment register must be maintained for all investments kept in the name of the Municipality. The register must be updated and reconciled to the general ledger investment control accounts and external supporting documentation on a monthly basis.
9. The investment register should indicate
 - (a) Date of investment
 - (b) The financial institution where the investment is made
 - (c) The amount invested
 - (d) The interest rate applicable
 - (e) The maturity date
10. The chief financial officer must ensure that all interest and capital due to the municipality are timeously received and take appropriate steps or cause such appropriate steps to be taken if interest or capital is not fully or timeously received.
11. The chief financial officer must ensure that all investment certificates and documents are properly secured.

INTEREST ON INVESTMENT

12. The interest accrued on all the municipality's investments must be recorded in the municipality's operating account as ordinary operating revenues, and thereafter be appropriated at the end of each month, to a fund or account in respect of which such investment was made

ETHICS

13. The chief financial officer, in consultation with the accounting officer is responsible for investing surplus revenues of the municipality in compliance with this policy.
14. In making such investments the chief financial officer must at all times have only the best consideration of the municipality in mind.
15. Neither the chief financial officer or the accounting officer may accept any gift from any investment agent or institution with which the municipality has made or may potentially make an investment.