



# Pacific Association of Supreme Audit Institutions (PASAI)

## Investment Policy

### **Access to information**

PASAI members, Donors, International and Regional Partners

### **PASAI Reference Number**

PP\_1\_INV\_2016

### **Issued and effective**

11 February 2016

### **Review**

Policy reviewed in November 2022 and to be reviewed every two years [next review November 2024]

### **Content**

Policy on investment of PASAI funds

- Target investment is term deposits only
- Target spread is New Zealand only
- Maximum cumulative value of \$500,000

### **Applicable to**

All PASAI staff and all PASAI funds

### **Issuer**

Chief Executive of PASAI

Contents

SECTION I – PURPOSE .....3

SECTION II – SCOPE .....3

SECTION III – OBJECTIVES AND POLICY.....3

SECTION IV – EFFECTIVE DATE .....5

SECTION V – REVIEW DATE.....5

SECTION VI – ISSUER.....5

SECTION VII – CONTACT AND ACCESS .....6

SECTION VIII – RELATED DOCUMENTS .....6

## **SECTION I – PURPOSE**

1. This document provides instructions and strategies about the investment of funds by PASAI.
2. To ensure funds on hand that are temporarily surplus to requirements are held/invested to earn the best return while appropriately managing risk and liquidity access to the funds.

## **SECTION II – SCOPE**

3. This policy applies to all PASAI staff and to all PASAI funds.
  - 3.1 All investments shall be governed by this policy and made in a manner that complies with this and any other PASAI policy, and any signed agreements with development organisations (including governments) or others.

## **SECTION III – OBJECTIVES AND POLICY**

4. The investment policy objectives for PASAI are as follows.
  - 4.1 All funds approved and allocated from funding partners shall be spent within the agreed terms and conditions of the signed funding agreement, and for the purpose of providing the outputs funded, with no intentions to save for investment purposes.
  - 4.2 The cash needs of PASAI are to take precedence over any investment strategy, such that all outgoings must be met through the level of funding received. However, if a term-deposit needs to be terminated earlier than maturity date, the Secretary General shall be notified.
  - 4.3 After ensuring that regular outgoings are covered by the level of funding, any (temporary) surplus money is to be invested in income generating investments in accordance with this policy.
  - 4.4 Any income received from surplus funds is to be reinvested or applied to PASAI activities in accordance with any agreement with funder or other relevant authority. However, it is essential to maintain transparency in relation to investment income derived from funds provided under funding agreements. Most funding agreements require any income from unrequired funds to be fully acquitted back to the funder.
  - 4.5 The investment time horizon for PASAI is short term, with no one investment to exceed 12 months, or the period in which a particular allocated tranche under a funding agreement is meant to be spent (if allowed), or the maximum amounts for any single investment specified by this policy.

- 4.6 The Governing Board and the Chief Executive will take a conservative approach to risk in terms of volatility (if any exists) and a conservative approach to risk in terms of performance.
- 4.7 The future liquidity requirements of PASAI require that a minimum of three months forecasted operating costs be covered at all times by cash on hand, and that a further three months operating costs be available to PASAI at one month's notice.
5. The Governing Board consider the administration of PASAI and the investments of PASAI having regard to:
- a) The purpose of PASAI and the implementation of its Long Term Strategic Plan in accordance with annual operational plans;
  - b) The wishes of the Governing Board, as expressed at meeting of the Board or in specific directions given by the Secretary-General to the Chief Executive or the Secretariat between meetings;
  - c) The nature of the assets of PASAI and their significance (including any special or non-monetary significance) to member SAIs;
  - d) The consideration of other stakeholder requirements and the interests of stakeholders, especially the funding partners of PASAI.
6. All investments must be fully consistent with any terms and conditions set forth in a signed funding agreement with a funding partner. Such terms and conditions shall be complied with by any investment decisions by PASAI, so that the investment income earned can be fully acquitted under the funding agreement. Any investment decisions that are inconsistent with any terms and conditions of a signed agreement with a funding partner, or the term of a funding tranche, shall not be accepted nor approved.
7. The following investment strategy is adopted to implement the above objectives:
- a) Target overall investment allocation is bank/term deposits only.
  - b) Target spread investments are to be in New Zealand only.
  - c) Target spread for fixed interest instrument and term deposit periods is:

On call	Three Months Forecasted Operating Costs
On call	a Sum of \$150,000 on call to cover short term programme costs
Three months	Three Months Forecasted Operating Costs
Six months or no longer than one year	Balance of Funds not required above

## Risk Management

- d) Maximum cumulative term deposit value with one of the main trading banks in New Zealand is \$500,000.
8. The Chief Executive shall propose further investment strategy options to the Secretary-General for review and endorsement before it can be submitted to the Governing Board by circulation (fax, email, or other electronic transform) or during the Board meeting for approval.
9. The Chief Executive shall liaise with, and propose redemption, in part or whole, of PASAI investment, to the Secretary-General for review and endorsement before it can be submitted to the Governing Board for approval (in person and/or by circulation). The proposal for redemption shall include:
  - a. Total amount to be redeemed;
  - b. Investment account(s) to be redeemed;
  - c. Reason(s) for redeeming the investment;
  - d. Future plan to recoup the fund being redeemed; and
  - e. Any other matters that should be considered.
10. The Chief Executive will act as PASAI's investment manager, for and on behalf of the Governing Board, to implement the investment strategy set out above in accordance with any delegations made by the Board to the Chief Executive; provided that the Chief Executive shall provide a monthly report on all investments to the Secretary General and a six-monthly report to each meeting of the Governing Board.
11. The Governing Board may also, at its discretion, review the investments made under this policy at any time, and give directions to the Chief Executive in relation to the implementation of the policy and/or any specific investment decisions.

### **SECTION IV – EFFECTIVE DATE**

The Policy is effective as of 11 February, 2016.

### **SECTION V – REVIEW DATE**

The Policy was reviewed in November 2022 and is to be reviewed after two years from this last review date.

### **SECTION VI – ISSUER**

The Issuer of this Policy is the Chief Executive for PASAI.

## SECTION VII – CONTACT AND ACCESS

1. **Contact.** For questions relating to this Investment Policy, please contact PASAI Secretariat at [secretariat@pasai.org](mailto:secretariat@pasai.org).
2. **Access.** The Policy can also be accessed at <http://www.pasai.org>

## SECTION VIII – RELATED DOCUMENTS

1. PASAI Charter
2. PASAI Governance Code
3. PASAI Incorporated Rules
4. PASAI Financial and Asset Management Policy
5. PASAI Governance and Operational Policy
6. PASAI Code of Conduct
7. PASAI Human Resource Policy
8. PASAI Conflict of Interest Policy
9. PASAI Fraud Control Policy
10. PASAI Whistleblowing Policy
11. PASAI Instrument of financial delegation