



Issue Date: September 2009	Revised Date: August 15, 2019	Responsible Agency: Expenditure Management, Office of the Comptroller General	Directive No: 501
Chapter: Cash Management			
Directive Title: INVESTMENTS			

1. POLICY

Investments may be made by the Government using surplus funds available from the Consolidated Revenue Fund in accordance with s.57 and s.58 of the *Financial Administration Act (FAA)*. The types of investments, and eligible investment issuers, are restricted to those specified in s.57(1) of the *FAA*. Surplus funds shall be invested in a manner that preserves capital and maintains liquidity. Maximizing rates of return is a secondary goal.

2. DEFINITIONS

Financial Instruments

Financial instruments are any contracts that give rise to financial assets of one entity and financial liabilities or equity instruments of another entity.

Liquidity

Liquidity is a quality possessed by a security which enables it to be sold quickly and without substantial price concession.

Surplus Funds

Surplus funds represent the net positive daily bank balance in the accounts of the Government.

3. DIRECTIVE

The Minister of Finance may make investments for the Government subject to s.57 and s.58 of the *FAA*, s.27(2) and s.27(3) of the *Qulliq Energy Corporation Act*, the Investment Regulations and the provisions of this directive.

This directive applies to all government departments and public agencies.

4. PROVISIONS

4.1. Delegation of Authority

- 4.1.1. In accordance with s.10 of the *FAA*, the Minister of Finance delegates to the Deputy Minister of Finance the powers and responsibilities under s.57 and s.58 of the *FAA*.

4.2. Investment Controls

- 4.2.1. Investments may only be made in the classes of securities, investments and loans outlined in s.57 and s.58 of the *FAA*, s.27(2) and s.27(3) of the *Qulliq Energy Corporation Act*, and the Investment Regulations, and only from issuers approved by the Deputy Minister of Finance.
- 4.2.2. Purchase of any investment containing embedded financial instruments must be authorized by the Deputy Minister of Finance based on the recommendation of the Comptroller General.
- 4.2.3. The Office of the Comptroller General shall be consulted to resolve any identified issues with determining whether the potential investment opportunity contains embedded financial instruments or represents higher potential risks.
- 4.2.4. The Department of Justice shall be consulted to determine any legal impediments to accepting an investment opportunity containing embedded financial instruments or representing higher potential risks.
- 4.2.5. Total dollar amount or proportion of investment portfolio invested in the securities of any issuer must not exceed the maximum limits authorized by the Deputy Minister of Finance.
- 4.2.6. The term to maturity of investments must be limited to the maximum terms established by the Deputy Minister of Finance.
- 4.2.7. Investments may only be transacted through banks and investment dealers approved by the Deputy Minister of Finance.
- 4.2.8. Controls must be developed and maintained by the Deputy Minister of Finance to protect the Government from fraud and major error on its investment activities. These controls must be approved by the Comptroller General. When the same person is filling both positions the controls must be approved by the Minister of Finance.



- 4.2.9. The Office of the Comptroller General shall also be consulted to resolve any issues with implementation, compliance, and interpretation of this directive as well as its applicability to public agencies.

- 4.3. Maintaining Liquidity
 - 4.3.1. The term to maturity or the date of redemption of an investment shall be chosen in a way to make funds available when required for the Government to meet its payment obligations.

 - 4.3.2. All approved investment decisions must be reflected in cash flow forecasts prepared by Expenditure Management in accordance with Financial Administration Manual Directive 503 Forecasting Cash Flow.

- 4.4. Public Agencies
 - 4.4.1. A public agency may, in accordance with s.81 of the *FAA* and the Investment Regulations, invest money belonging to the public agency.