

TYPE:	Administrative
TITLE:	Durham College Investment Activities
NO.:	ADMIN-255
RESPONSIBILITY:	Chief Administrative Officer and Chief Financial Officer
APPROVED BY:	Durham College Leadership Team
EFFECTIVE DATE:	May 2023
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1 Introduction

Durham College is a Crown agency accountable for public funds. High standards for the responsible use of financial resources are vital to public trust and the achievement of the College's mission. Appropriate management of investment activities supports the propriety of transactions, the reliability of financial information, the safeguarding of assets, the efficient and sustainable operation of Durham College and compliance with government regulations, policies and directives.

2 Purpose

This policy and procedure provides a framework for the prudent and responsible management and investment of College funds. From time to time, there is excess operating cash available for investing. The investment of all operating funds must comply with the Minister's Binding Policy Directive on Banking, Investments, and Borrowing. This policy and procedure directive provides guidance and sets more specific rules and restrictions for colleges with respect to investment of funds.

3 Definitions

Refer to [Durham College's Standard Definitions](#).

4 Policy statements

4.1 Durham College Investments

- 4.1.1. Financial transactions shall adhere to the Ministry of Training, Colleges and Universities binding policy directive on Banking, Investments and Borrowing. If there is a conflict between this policy and the Ministry binding policy directive, the binding policy directive shall be followed.
- 4.1.2. The College will safeguard the funds it receives by exercising due diligence to satisfy itself of the financial soundness of the institutions it utilizes for investment purposes.

- 4.1.3. Funds not immediately required to support daily operations of the College may be invested in a manner consistent with the *Financial Administration Act* and/or the *Trustee Act*.
- 4.1.4. The Durham College Board of Governors shall review and approve an investment performance report, through the Audit and Finance Committee, at least annually (if surplus funds have been invested) that will include a statement signed by the Chief Financial Officer stating that the College is in compliance with relevant legislative requirements in force at the time of the review and the binding policy directive.

4.2. Durham College Foundation Investments

- 4.2.1. The Durham College Foundation Investment policy is separate and distinct from this policy.
- 4.2.2. The Durham College Board of Governors shall review and approve an investment performance report for the Durham College Foundation at least once annually.

5 Procedure

5.1 Investment of Operating Funds – Short Term

Funds kept aside for planned operating and strategic spending within the near future, generally within six months, can be invested in a short-term investment. The goal is to obtain a higher return than would otherwise be achieved by keeping cash in the institutions general bank account.

Appropriate short term investments include but are not limited to:

- Cash
- Treasury bills
- Daily interest savings accounts
- Guaranteed investment certificates

The funds return should match the FTSE TMX180 Day TBill Index.

5.2 Investment of Operating Funds – Long Term

- 5.2.1 Funds not expected to be required within the next six months can be invested longer term.

Appropriate long-term investments include but are not limited to:

- Guaranteed investment certificates
- Government bonds

- Corporate bonds

5.2.2 Rules under Section E of the Binding Policy Directive on Banking, Investments and Borrowing:

A college may only invest college funds not immediately required to operate the college in the following securities, expressed or made payable in Canadian dollars, subject to the ratings identified in section F:

- 5.2.2.1 Bonds, debentures and promissory notes or other evidence of indebtedness, issued or guaranteed by:
- a) Canada or a province or territory of Canada, or
 - b) An agency of Canada or a province.
- 5.2.2.2 Bonds, debentures, promissory notes or other evidence of indebtedness, issued or guaranteed by:
- a) a municipality in Canada;
 - b) a university in Ontario that receives ongoing operating and capital funding from Ontario;
 - c) the board of governors of a college established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*;
 - d) a board of a public hospital within the meaning of the *Public Hospitals Act*;
 - e) a school board in Canada;
 - f) Ontario Infrastructure Projects Corporation; or
 - g) the Municipal Finance Authority of British Columbia.
- 5.2.2.3 Bonds, debentures, promissory notes, deposit receipts, deposit notes, certificates of deposit or investment, acceptances, commercial paper or similar instruments, issued, guaranteed or endorsed by:
- a) a bank listed in Schedule I or II or a branch in Canada of an authorized foreign bank under the *Bank Act* (Canada);
 - b) a loan corporation or trust corporation registered under the *Loan and Trust Corporation Act*; or

c) a credit union to which the *Credit Unions and Caisses Populaires Act, 1994* applies.

5.2.2.4 Bonds, debentures, promissory notes or other evidence of indebtedness, issued by a corporation that is incorporated under the laws of Canada or a province of Canada; or

5.2.2.5 Promissory notes or commercial paper, other than asset-backed securities, issued by a corporation that is incorporated under the laws of Canada or a province of Canada.

5.2.3 Rules under Section F of the Binding Policy Directive on Banking, Investments and Borrowing:

A college is not to invest in a security under subsection E.IV or E.V above unless the security has a minimum rating, at the time the investment is made by the college by at least one rating agency of:

5.2.3.1 R-1 (high)" or "AAA" by Dominion Bond Rating Service Limited;

5.2.3.2 "Prime-1" or "Aaa" by Moody's Investors Services Inc.;

5.2.3.3 "A-1+" or "AAA" by Standard and Poor's; or

5.2.3.4 "F1+" or "AAA" by Fitch Ratings.

5.2.4 According to Section G of the Binding Policy Directive on Banking, Investments and Borrowing if an investment falls below the standard required in Section F, the college is to sell the investment within 90 days after the day the investment falls below the standard.

5.3 Reporting Requirements

5.3.1 The Durham College Board of Governors shall review and approve an investment performance report, through the Audit and Finance Committee, at least annually (if surplus funds have been invested) that will include a statement signed by the Chief Financial Officer stating that the College is in compliance with relevant legislative requirements in force at the time of the review and the binding policy directive.

6 Roles and responsibilities

6.1. It is the responsibility of the Chief Administrative Officer to ensure this policy and procedure is fully implemented.

6.2 The Durham College Board of Governors is responsible for:

- Approving this policy to comply with the Ministry binding policy directive on Banking, Investments and Borrowing;
- Safeguarding the financial assets of the College;
- Approving an investment policy for operating funds; and
- Annually reviewing the investment results to ensure that all investments are in compliance with the Minister's binding policy directive.

6.3 The College Finance Department, is responsible for:

- Recommending when and how much funds should be invested; and
- Transferring the funds to the Investment Manager; and
- Preparing for the Board, through the Audit and Finance Committee, an annual investment performance report.

6.4 The Investment Manager is responsible for (if applicable):

- Selecting securities within the asset classes assigned to them, subject to the constraints set out in this policy;
- Providing the College Finance Department with monthly reports of portfolio holdings;
- Attending meetings of the Audit and Finance Committee of the Board, if required, to review performance and to discuss proposed investment strategies; and
- Ensuring that operating funds are invested in accordance with the Ministry's binding policy directive on Banking, Investments and Borrowing, and this policy and procedure.

7 Accessibility for Ontarians with Disabilities Act considerations

Accessibility for Ontarians with Disabilities Act (AODA) standards have been considered in the development of this policy and procedure and it adheres to the principles outlined in the College's commitment to accessibility as demonstrated by the Multi-Year Accessibility Plan.

8 Non-compliance implications

Failure to comply with this policy could result in financial, reputational or other loss for Durham College.

9 Related forms, legislation or external resources

- Ministry of Colleges and Universities – Binding Policy Directive on Banking, Investments and Borrowing