

## County of Essex Policy and Procedures Manual

### Investment Policy

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<b>Policy Type:</b>	Corporate Policy
<b>Approval Authority:</b>	Essex County Council
<b>Office of Responsibility:</b>	Financial Services
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<b>Replaces Policy:</b>	03-003

### 1.0 Introduction

The Corporation of the County of Essex is committed to the responsible management of its financial resources to support the delivery of services to its residents. This Investment Policy ensures compliance with the Municipal Act, 2001, S.418 and Ontario Regulation 438/97, as amended, and provides a framework for the management of the County's surplus funds and investment portfolio.

### 2.0 Scope

This policy pertains to all investments of Revenue, Reserves and Reserve Funds and Trust Funds that are the responsibility of the County of Essex.

### 3.0 Definitions

To provide context for this policy, a list commonly used terms is provided herein and shall be used in conjunction of the interpretation of this document.

**'Authorized Investments'** means investments permitted under Ontario Regulation 438/97, as amended, which include prescribed securities for municipalities.

**'County of Essex'** means the Corporation of the County of Essex, and may be used interchangeably with the terms the 'County', the 'Corporation' or 'County of Essex'.

**'Credit Rating'** means a measure of the creditworthiness of a security or institution, assigned by a recognized agency.

**'Investment Portfolio'** means the collection of investments held by the County.

**'Legal List'** – The list of securities in which municipalities are permitted to invest under O. Reg. 438/97.

**'Liquidity'** means the ability to convert an investment into cash to meet operational needs promptly.

**'Prudent Investor Standard'** – A discretionary standard under the Municipal Act that has not been adopted by the County.

**'Surplus Funds'** means funds not immediately required for operational needs and available for investment.

## 4.0 Purpose

The purpose of this policy is to:

- Establish guidelines for the management of the County's surplus funds and investment portfolio.
- Ensure compliance with the Municipal Act, 2001, and Ontario Regulation 438/97.
- Outline investment objectives, responsibilities, and procedures to safeguard public funds.
- Promote disciplined investment decisions that maintain public trust.

## 5.0 Policy

### 5.1 Investment Objectives

The County's investment objectives prioritize:

- 1) **Preservation of Principal:** Protecting the original investment capital.
- 2) **Maintenance of Liquidity:** Ensuring funds are available to meet operational needs.
- 3) **Competitive Rate of Return:** Achieving optimal returns within the prescribed legal framework.

### 5.2 Authorized Investments

The Treasurer shall ensure surplus funds are invested in accordance with Ontario Regulation 438/97. Authorized investments must adhere to requirements for risk management, capital preservation, and diversification.

The County of Essex has not adopted the Prudent Investor Standard and will follow the prescribed list of eligible investments under the "legal list" framework set out in O. Reg. 438/97.

The Treasurer shall obtain legal and/or financial advice on an investment if, in their opinion, or in the opinion of Council, such advice is appropriate.

Where applicable, the County will only invest in securities with a credit rating of at least "AA" by a recognized credit rating agency, in accordance with Ontario Regulation 438/97.

### 5.3 Standard of Care

- **Prudence:** Investments will be made with judgment, care, and diligence, prioritizing the safety of capital and income potential.
- **Due Diligence:** Investment officers must act in accordance with this policy and take necessary actions to optimize portfolio performance.
- **Ethics and Conflict of Interest:** Officers and employees involved in the investment process shall refrain from personal business

activity that could conflict with the proper execution and management of the investment program or impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial or investment positions that could be related to the performance of the investment portfolio. Employees and officers shall not undertake personal investment transactions with the same individuals with whom business is conducted on behalf of the Corporation.

#### 5.4 Reporting Requirements

The Director of Corporate Services and Treasurer will submit an annual investment report to Council, including:

- A listing of securities held at the end of the reporting period.
- The portfolio's performance and composition.
- A statement on compliance with this policy.
- Any other information Council requires or the Treasurer deems necessary.

#### 5.5 Safekeeping

All securities will be held by an approved financial institution under the Corporation's name. Regular reports from the depository will ensure transparency in the management of the investment portfolio.

### 6.0 Responsibility

6.1 **The CAO** is responsible for overall policy oversight and alignment with corporate priorities.

6.2 **The Director of Financial Services/Treasurer** is responsible for the prudent management of the investment portfolio, including:

- **Selecting financial institutions and investment products:**

The Director is tasked with identifying and selecting appropriate financial institutions and investment products that align with the Corporation's investment objectives, ensuring that they are sound, reputable, and meet all regulatory requirements.

- **Reporting to Council on portfolio performance:** The Director will provide regular, detailed reports to the Council on the performance of the investment portfolio, including analysis of returns, risks, and compliance with the established investment policy. These reports will ensure transparency and allow for timely decision-making.
- **Ensuring compliance with legislation and policy:** The Director is responsible for ensuring that all investments comply with applicable legislation and this policy, and that the portfolio operates in accordance with the best practices in financial management.
- **Overall Responsibility for the Investment Program:** The Director of Corporate Services and Treasurer has ultimate responsibility for the prudent investment of the Corporation's portfolio. This includes oversight of all transactions undertaken and the establishment of a system of internal controls to regulate the activities of subordinate officials. The Director shall exercise control over staff to ensure the effective management and security of the portfolio.
- **Authority and Oversight:** The Director is authorized to enter into arrangements with banks, investment dealers, brokers, and other financial institutions for the purchase, sale, redemption, issuance, transfer, and safekeeping of securities. This authority also includes executing and signing documents on behalf of the Corporation and performing all necessary tasks in the day-to-day operation of the investment and cash management program.
- **Development and Maintenance of Controls:** The Director is responsible for developing and maintaining the operating procedures necessary for effective control and management of the investment function. These procedures will ensure reasonable assurance that the Corporation's investments are properly managed, adequately protected, and aligned with the Corporation's objectives.
- **Risk Management:** The Director will obtain adequate insurance coverage to guard against potential losses resulting from misappropriation, theft, or other fraudulent acts. This is to ensure the protection of the Corporation's assets from unforeseen risks.

## **7.0 Related Documents/Legislation**

- Municipal Act, 2001, S.418
- Ontario Regulation 438/97 as amended
- County of Essex Financial Policies and Procedures

## **8.0 Summary of Amendments**

<b>Date</b>	<b>Amendments</b>
2025-06-15	Updated language to reflect current legislation and investment practices. Updated definitions for alignment with current terminology. Updated the policy to reflect current policy template.

## **Appendices**

N/A