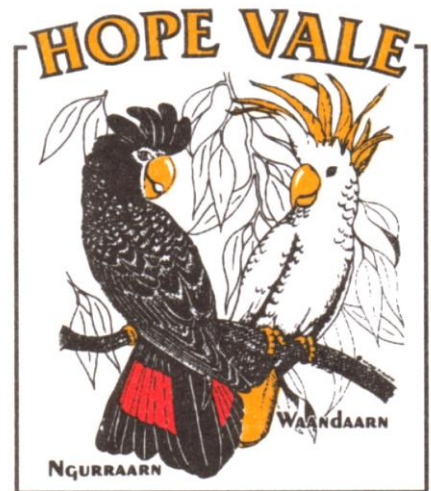


HOPE VALE ABORIGINAL SHIRE COUNCIL



Cash Management Policy

Document Control

Document Details:

Document Reference Number: 0001/20

Version Number: 1

Business Unit: Finance

Scheduled Review Date: Ongoing

Version History

Version Number	Date	Signature	Reason / Comments
1	17 March 2021		Council Resolution

CASH MANAGEMENT POLICY 2020-2021

ORIGIN/AUTHORITY

Financial Accountability Act 2009
Financial and Performance Management Standard 2019
Investment Policy
Statutory Bodies Financial Arrangements Act 1982

PURPOSE

The purpose of this policy is to outline the principles of cash management across Hope Vale Aboriginal Shire Council to ensure the efficient and effective management of the Council's cash resources to maximise investment income while ensuring sufficient cash on hand to meet obligations and avoid funding shortfalls.

This policy also contributes towards meeting the Council's obligations to ensure the existence of an effective cash management system to provide for the payment and investment of cash, providing timely and reliable cash flow forecasts and ensuring compliance with relevant statutory and regulatory requirements.

SCOPE

This policy applies to all forms of cash and cash equivalents recognised by the Council and to all staff responsible for the investment and recording of cash-related activities in accordance with the Delegation of Authority and delegated responsibilities and recorded authorities of the Finance Department.

POLICY STATEMENT

Cash and cash equivalents

The Council maintains cash on hand (cash at call) which is available immediately to meet the Council's cash requirements. It includes, but is not limited to, the Council's primary bank account. Cash can also be maintained within eligible investments as defined by the Investments Policy.

Cash requirements forecast

A forecast of the Council's cash requirements is prepared on an ongoing basis to ensure all payment obligations can and will be met. The cash requirements forecast will be prepared by the Director of Finance using information based on the working cash limit. The process should include consideration of the following elements in order to arise at the appropriate level:

- Future expected operational payments

- Ongoing expected capital payments
- A specific contingency percentage
- Level of unexpended grant funds held
- Approved building works where the expenditure will be incurred in advance of revenue

The timing of the Council's payments must be managed to maximise return while ensuring sufficient funds are available.

Overdrawing

Should an error occur in the cash requirements forecast that results in the Council's bank account overdrawing, the overdrawn position must be rectified as soon as practicable. A review of the assumptions leading to the cash forecast must be completed.

Investments

Taking into consideration the Council's immediate cash requirement, as identified in the cash requirements forecast, the Finance Department will invest surplus funds to meet the following objectives:

- to ensure the amount of cash on hand held at low interest rates is minimised
- to ensure sufficient cash remains on hand to meet all payment obligations, and
- maintain a risk averse position while obtaining competitive and attractive market rates.

All funds will be invested, monitored and recorded in accordance with the Investments Policy.

Bank accounts

The Council will establish primary banking facilities with a major financial institution in accordance with the *Statutory Bodies Financial Arrangements Act 1982*. The banking facility must provide for minimum correspondence and functional requirements as set out by the Council at the time of establishing the facility and have robust processes in place to ensure only withdrawals approved by authorised signatories are accepted.

The Director of Finance will undertake a five-yearly review of the Council's banking arrangements to ensure value for money and appropriateness of service and submit a report detailing the findings to the Council.

RESPONSIBILITIES

Compliance, monitoring and review

The Director of Finance is responsible for managing the implementation of this policy and for ensuring its provisions are adhered to and applied consistently across the Council.

Compliance and monitoring will be assessed through monthly reconciliations and regular analytical reviews.

Records management

Staff must maintain all records relevant to administering this policy in a recognised Council recordkeeping system.

Adopted by Council on 17 March 2021

Shannon Gibbs
Director of Finance