Procedure:

The Finance Officer responsible for reconciling the bank statement each day will monitor the balance of the Commonwealth Bank Business Online Saver Account to ensure that the minimum balance is being held and that when the balance is greater than $1 million the Financial Accountant/Executive Manager Corporate Services is advised.

The Finance Officer checks each day the outflows from Payroll/Creditors and expected receipts to maintain a minimum balance in the Council’s consolidated account. This account has a $150,000 overdraft facility however the target is to have a nil balance each day. Finance Officer moves funds required or surplus funds for the day between the Commonwealth Bank Business Online Saver Account and the Consolidated Account.

Should the Financial Accountant/Executive Manager Corporate Services decide to take advantage of any special rates with the Commonwealth Bank Business Online Saver facility where a higher interest rate applies based on having a higher minimum value on call for a period of time, the details will be provided to the Finance Officer to maintain those minimum balances to ensure the special rate is achieved. The normal conditions of advising the Financial Accountant/Executive Manager Corporate Services of balances greater than $1 million will apply either at the end of the special rate period or when the Financial Accountant/Executive Manager Corporate Services authorise to invest the funds elsewhere.

The Financial Accountant/Executive Manager Corporate Services will be responsible for determining the value of funds to be invested, the term and the successful financial institution. This will be done taking into account the outlook regarding interest rates, Council’s future cash flow needs and the credit risk guidelines. The fair value calculation provided by QTC may be used to assist with the evaluation of the successful financial institution.

The Finance Officer will source the interest rates on behalf of the Financial Accountant/Executive Manager Corporate Services from the direction provided regarding terms to be considered and the value to be invested.

The Finance Officer will monitor the investments to ensure that the funds are direct deposited to Council’s consolidated account at maturity date. This is the preferred process with a new investment being processed where the funds remain surplus to Council’s needs and available to re-invest. However, the Financial Accountant/Executive Manager Corporate Services may authorise the rollover of an investment with a financial institution where the evaluation of the investment determines there are benefits to Council in doing so.

The Finance Officer will maintain the Investment Register for term investments. This is checked by the Financial Accountant/Executive Manager Corporate Services on a monthly basis as part of the bank reconciliation process. A report will be provided to Council meetings attached to the Financial Report showing the long term rating of the financial institution, the value of the investment, the term, the interest rate with a subtotal grouped on the basis of the Table A in the Investment Policy.

Any breaches of the Investment Policy are to be reported to the Executive Manager Corporate Services and the Chief Executive Officer and rectified within 24 hours of the breach occurring. The breach will also be reported on the Investment Report prepared for that month.

Where Council holds an investment that is downgraded below the minimum acceptable rating level, as prescribed under regulation for the investment arrangement, Council shall within 28 days after the change becomes known to the local government, either obtain Treasurer’s approval for continuing with the investment arrangement or sell the investment arrangement (including, for example, withdrawing a deposit).

New investment products are required to be approved by the Financial Accountant/Executive Manager Corporate Services.

The Finance Officer shall prepare and maintain a list of the approved banks and credit unions and their relevant contact names and details.

The Finance Officer is required to ensure the required written confirmation by the broker/dealer/bank is received and is stored in Council’s Document Management System.
The Investment Policy is to be reviewed by the Executive Manager Corporate Services on an annual basis.