

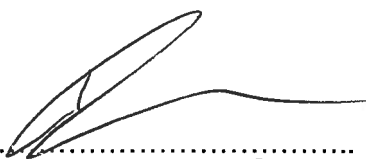


# **Bank Account Overdraft Facility Policy**

**DOCUMENT AUTHORISATION**

|                             |              |                         |   |                         |                               |
|-----------------------------|--------------|-------------------------|---|-------------------------|-------------------------------|
| <b>RESPONSIBLE OFFICER:</b> |              | CHIEF FINANCIAL OFFICER |   |                         |                               |
| <b>REVIEWED BY:</b>         |              | MANEX                   |   |                         |                               |
| <b>REVIEW DUE DATE:</b>     |              | June 2025               |   |                         |                               |
| <b>VERSION NUMBER:</b>      |              | 6                       |   |                         |                               |
| <b>DOCUMENT NUMBER:</b>     |              | NA                      |   |                         |                               |
| <b>VERSIONS:</b>            | <b>DATE:</b> | <b>RESOLUTION NO:</b>   | <b>DESCRIPTION OF AMENDMENTS:</b>           | <b>AUTHOR / EDITOR:</b> | <b>APPROVED / ADOPTED BY:</b> |
| 6                           | 23/06/2022   | 16.06/22                | Align with Council's current policy format. | Chief Financial Officer | Council                       |
| 5                           | 28/03/2019   | 17.03/19                |   | Chief Financial Officer | Council                       |
| 4                           | 28/05/2015   | 7.05/15                 |   | Chief Financial Officer | Council                       |

Note: Document Control continued at Appendix A

  
 .....  
 General Manager (Interim)

30-9-22  
 .....  
 Date

## ACKNOWLEDGEMENT OF COUNTRY

Glen Innes Severn Council acknowledges and pays respect to the Ngoorabul people as the traditional custodians of this land, their elders past, present and emerging and to Torres Strait Islander people and all First Nations people.

## PURPOSE

The purpose of this policy is to:

- Provide a mechanism to obtain short term funding should there be an unforeseen shortfall in liquidity.

## APPLICABILITY

This policy applies to:

- The Chief Financial Officer.

The Chief Financial Officer is responsible for the prudent financial management of the bank account overdraft facility when assessing the need and the determination of the monetary limit requirement for Glen Innes Severn Council.

## OUTCOMES

An overdraft facility is a flexible line-of-credit providing access to funds to manage the day to day cash flow needs of Glen Innes Severn Council. An overdraft facility is designed for a business with short-term working capital requirements, to fund operational needs to an agreed amount.

The Bank Account Overdraft Facility Policy outlines the following objectives:

1. The accountability, transparency and observance of the *Local Government Act 1993*, as amended, and the *Local Government (General) Regulation 2021*, together with other related statutory requirements and standards;
2. There is a clear, concise and defined line-of-credit available from a financial institution, with a pre-determined monetary amount; and
3. Is to assist in providing funds for unforeseen short-term liquidity requirements.

## ROLES AND RESPONSIBILITIES

The bank account overdraft facility may be utilised during the course of the financial year. However, the facility should be regarded as a cash management vehicle, as it responds to seasonal or temporary fluctuations in cash flows.

This facility is a form of borrowing and is a high cost alternative, relative to other forms of funding. The bank account overdraft facility shall be limited to minimal use under

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delegation by the General Manager, Director of Corporate and Community Services and / or Chief Financial Officer.

It is not appropriate for the overdraft facility to be used for medium or long-term financing purposes (for example, to purchase assets), and is not to be used as an alternative to borrowings.

It will be the responsibility of the Chief Financial Officer to induct staff into this Policy where required. Revised versions of the Policy that contain significant changes will be communicated to all relevant staff by the Chief Financial Officer.

## **POLICY STATEMENT**

Glen Innes Severn Council has an estimated bank account overdraft facility for a maximum pre-determined limit of \$200,000 which is available from Council's financial banking institution. The institution is currently the National Australia Bank Ltd.

## **VARIATION AND REVIEW**

The Bank Account Overdraft Facility Policy will be reviewed every three (3) years, or earlier if deemed necessary, to ensure that it meets the requirements of legislation and the needs of Council. The term of the Policy does not expire on the review date, but will continue in force until superseded, rescinded or varied either by legislation or a new resolution of Council.

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**Appendix A****Document Control Continued**

| <b>PREVIOUS VERSIONS:</b> | <b>DATE:</b> | <b>RESOLUTION NO:</b> | <b>DESCRIPTION OF AMENDMENTS:</b> | <b>AUTHOR / EDITOR:</b> | <b>REVIEW / SIGN OFF:</b> |
|---------------------------|--------------|-----------------------|-----------------------------------|-------------------------|---------------------------|
| 3                         | 22/03/2012   | 11.03/12              |                                   | Chief Financial Officer | Council                   |
| 2                         | May 1995     | 25/5                  |                                   | Chief Financial Officer | Council                   |
| 1                         | 14/02/1995   | 2/2 (S)               |                                   | Chief Financial Officer | Council                   |

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