



Tumut Shire  
COUNCIL

# Financial Management Policy

**Policy No: FIN.07**

**Version No: 1.4**

## 1. PURPOSE

To provide a summary of important Financial Management guidelines.

## 2. SCOPE

Applies to relevant areas of Councils financial management activities.

## 3. DEFINITIONS

**Signatories:** Staff able to sign cheques or authorise EFT payments for expenditure.

**Fees and Charges Schedule:** List of fees and charges for services provided by Council.

**Loans:** Borrowing to finance Council works.

## 4. POLICY STATEMENT

Council has a responsibility to manage its finances in compliance with statutory requirements and in an efficient and effective manner. This policy provides direction to ensure this occurs.

## 5. RESPONSIBILITIES

The Director Corporate Services and the Accountant are responsible for implementing and adherence to this policy.

## 6. PROCESS


### 6.1 Payment Authorisation:

Payments are made by Cheque and Electronic Funds Transfer (EFT),

#### Cheque Payment

That Council staff be authorised to sign Tumut Shire Council and SnowyWS cheques on the condition that the certifying officer ensures that the supporting documentation and correct authorization is present. Cheques require both a certifying officer and a counter signature being any two of the following staff members,

<b>Tumut Shire Council</b>	<b>SnowyWS</b>
General Manager	CEO
Director Corporate Services	Business Services Manager
Director Development and Environment	Construction Manager
Director Engineering Services	TSC Director Corporate Services

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Accountant	
Assistant Accountant	

**EFT**

EFT's must be authorized by the relevant Director. Following authorization of payment by the Director, the payment may be uploaded to the internet banking portal, then authorized for release to the creditor. Any two of the following positions may perform the electronic authorization:

<b>Tumut Shire Council</b>	<b>SnowyWS</b>
Director Corporate Services	Business Services Manager
Accountant	Finance Officer
Assistant Accountant	TSC Accountant
SWS Business Services Manager	TSC Assistant Accountant
Payroll / Creditors Officer	

All authorisations must be made in accordance with the officers Delegation of Authority.

**6.2 Fees and Charges Schedule:**

Each year Council is required to determine fees and charges for services it provides.

The fees and charges are made up of fees provided under relevant Acts, fees determined by Council and also recommendations from the Local Government and Shires Association of NSW.

Comprehensive instructions on how the fees and charges are determined are included in each years schedule.


Council adopts the following model for setting fees and charges:-

The six key steps are:

1. Identifying which activities, functions or programs to which a fee or charge will apply.
2. Identifying the 'Fully absorbed' cost of providing each discrete service (incorporating an estimate of both direct costs and overheads).
3. Categorising activities/functions as either public or private goods.
4. Identifying and quantifying Community Service Obligations.
5. Confirming an agreed pricing policy for the council.
6. Confirming the agreed fee or charge to be levied.

**6.3 Investments**

Council will ensure adequate control of risk is exercised and best value is obtained with all Investments in accordance with Councils Investment Policy.

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**6.4 Reserves:**

Council must maintain sufficient reserves to fund future capital works and provisions as identified in Councils Long Term Financial Plan. Reserves should be made available where operating funds are not provided for that activity. Reserves should be 'cash backed', however where operating cash falls into deficit it must be demonstrated that there are reasonable terms to reduce the reserve balances, i.e. other than end of month timing of reports.

A summary of Reserves is provided to Council on a quarterly basis with the Quarterly Budget Review. A full review of Reserves will be undertaken as part of the Long Term Financial Plan preparation process.

**6.5 Loans – Borrowings:**

Council's objectives for loans will be to ensure that all loans acquired are in line with the requirements set out by the Department of Local Government. This objective is achieved by the following principles:-

1. Project only to be undertaken for which the need and value of the work has been justified by Council.
2. The interest rate is no higher than allowed by the Department of Local Government.
3. Loans only be recommended to Council after all other funding options have been investigated.
4. The debt service ratio should not exceed 10% p.a.
5. The life of the loan should not exceed the life of the asset.

**6.6 Water Accounts Under \$5.00**

As a general policy, the issuing of accounts where the amount due is under \$5.00 is not cost effective. Such accounts should be written-off to save money and maintain the integrity of the individual water account (ie. No carried forward small balance).

**7. DOCUMENTATION / COUNCIL AND EXTERNAL REFERENCES**

Local Government Act 1993

**8. POLICY PREPARED BY:**

The Accountant and Director of Corporate Services are to be consulted when reviewing this policy.

**9. SUPERSEDING POLICY NO AND TITLE**

Financial Management Policy v1.3

**10. VARIATION**


Council reserves the right to review, vary or revoke this policy.

**11. DIRECTOR AUTHORISATION TO IMPLEMENT POLICY:**

Director Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

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