

POLICY:-	
Policy Title:	Bank Overdraft Facility Policy
File Reference:	F10/618-08
Date Policy was adopted by Council initially:	17 September 2009
Resolution Number:	386/09
Other Review Dates:	16 August 2012, 19 March 2015 and 21 June 2018, 18 March 2021
Resolution Number:	278/12, 55/15, 168/18 and 33/21
Current Policy adopted by Council:	12 December 2024
Resolution Number:	206/24
Next Policy Review Date:	2027

PROCEDURES/GUIDELINES:-	
Date procedure/guideline was developed:	N/A
Procedure/guideline reference number:	N/A

RESPONSIBILITY:-	
Policy developed by:	Director of Finance and Administration
Committee/s (if any) consulted in the development of this Policy:	N/A
Responsibility for implementation:	Director of Finance and Administration
Responsibility for review of Policy:	Director of Finance and Administration

OBJECTIVES

An overdraft facility is a flexible line of credit providing access to funds to manage the day to day cash flow needs of the Upper Lachlan Shire Council. The overdraft

facility is designed for business with short-term working capital requirements, to fund operational needs to an agreed amount.

The Bank Overdraft Facility Policy outlines the following objectives:-

1. The accountability, transparency and observance of the *Local Government Act 1993* and *Local Government (General) Regulation 2021*, together with other related statutory requirements and standards; and
2. Clear, concise and defined line of credit with a set monetary amount available from a financial institution to meet unforeseen short-term liquidity needs.

POLICY STATEMENT

Upper Lachlan Shire Council has an established bank overdraft facility for a maximum pre-agreed limit of \$300,000 available from Council's banking institution, the Commonwealth Bank of Australia.

The Finance and Administration Department is responsible for the prudent financial management for assessing the need for a bank overdraft facility and setting of a monetary limit requirement for the Upper Lachlan Shire Council.

APPROPRIATE USAGE

The bank overdraft facility may be utilised during the course of the financial year only as a cash management tool to smooth out seasonal or temporary fluctuations in cash flows.

This facility is a form of borrowing that is a high cost alternative relative to other forms of funding. The bank overdraft facility shall be limited to minimal use under delegation by the Council's Director of Finance and Administration and Chief Financial Officer.

It is not appropriate for overdraft facilities 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 borrowing.

RELEVANT LEGISLATION AND COUNCIL POLICIES

The following legislation and Council policies that are relevant to this Policy include:-

- Local Government Act 1993;
- Local Government (General) Regulation 2021;
- Independent Commission against Corruption Act 1988;
- Government Information (Public Access) Act 2009;
- State Records Act 1998;
- Council's Code of Conduct;
- Council Internal Control and Procedures Manual;
- Council's instrument of delegations from the Chief Executive Officer to staff;
- Council's Code of Business Practice;
- Council's Records Management Policy;
- Council's Government Information (Public Access) Policy;
- Council's Fraud and Corruption Prevention Policy;
- Council's Procurement Policy;
- Council's Investment Policy;
- Council's Borrowings / Loans Policy; and
- Council's Corporate Credit Card Policy.

VARIATION

Council reserves the right to vary or revoke this policy.