



Adelaide Hills Council  
Alexandrina Council  
The Barossa Council  
Kangaroo Island Council  
District Council of Mount Barker  
City of Victor Harbor  
District Council of Yankalilla

# SOUTHERN & HILLS LOCAL GOVERNMENT ASSOCIATION

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## P O L I C Y   D O C U M E N T

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Policy Name	<b>S&amp;HLGA Operations Manual-Finance Policy</b>
Policy No	<b>01</b>
Policy Reference	<b>S&amp;H 00/0039 of 23rd June 2000</b>
Review Details	Date Adopted : <b>23 June 2000</b> Date Reviewed : <b>2 December 2011</b> Date Reviewed : <b>17 February 2012</b> Date Reviewed : <b>15 February 2013</b> Date Reviewed : <b>24 October 2014</b>

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The following Policy has been prepared in accordance Clause 16.3 of the Charter of the Southern & Hills Local Government Association. The purpose of the Policy is to provide prudent management guidelines for the day-to-day financial management of the affairs of the Association and to ensure adequate controls are in place to minimize the opportunity for fraud to occur and for the accurate reporting of financial matters to be achieved.

### **DEFINITIONS:**

The following definitions shall apply:

“Association” shall mean the Southern & Hills Local Government Association.

“Board” shall mean the Southern & Hills Local Government Association Board.

“EO” shall mean the Association Executive Officer.

“LGRDS” shall mean the Local Government Research & Development Scheme.

“LGFA” shall mean the Local Government Finance Authority.

“S&HLGA” shall mean the Southern & Hills Local Government Association.

## **A. INTERNAL CONTROLS**

### **1.0 MONIES RECEIVED**

- 1.01 As an operational priority, transactions will be via direct credit/debit, where possible.
- 1.02 Cash receipts will be banked the following business day, where possible. They will be secured by the EO who shall remain responsible for these until they are banked.
- 1.03 EFTPOS and credit card facilities are not available.
- 1.04 All monies received shall be accounted for in a monthly operations statement.
- 1.05 All monies received shall be banked.

### **2.0 BANKING OF MONIES RECEIVED**

- 2.01 Monies received by the Association must be banked not more than one business day after it is received.
- 2.02 The monies banked must be reconciled daily with the monies received.
- 2.03 Cash and cheques received and not banked must be secured by the EO who shall remain responsible for these monies until banked.
- 2.04 The EO should monitor the interest rate receivable and balance this with operational needs and risk profiles. All monies should be held in a bank or with the LGFA, unless otherwise directed by a Board Meeting of S&HLGA.
- 2.05 The principles of Investment outlined in the local Government Act, 1999 at S 139 (2) and S 139 (3) should be followed in determining the appropriate financial risk that attaches to an investment choice.
- 2.06 All investments and their performance should be regularly reviewed and assessed by the Board.

### **3.0 ACCOUNTS FOR PAYMENT**

- 3.01 All disbursements of the Association shall be either by cheque or electronic payment.
- 3.02 A Payment Posting voucher or stamp applied to the invoice shall be prepared for every payment.
- 3.03 The original invoice shall be approved for payment and the following information entered on the Payment Voucher or by a stamp on the invoice:

1. Amount to be Paid; 2. Cheque No or Electronic Receipt No.; 3. Date approved for payment; 4 Ledger or Account code; 5 Signature of authorising officer.

3.04 The invoice together with either the payment voucher or stamp, copy of the request for service, goods received, packing notes and cart notes, are to form the originating documents for the drawing of a cheque or electronic transfer.

3.05 All invoices or requests for payment and if within the approved Budget should be authorised for payment by the EO and all payments, transfers and transactions will be reviewed by the Board at each meeting.

3.06 All payment records and the cheque book, including butts from completed books, should be properly maintained for Auditing and review purposes and kept in a secure place.

#### **4.0 BANK SIGNING OFFICERS**

4.01 The Cheque Signing Officers shall be appointed by the Board of the Association.

4.02 The Cheque Signing Officers shall not sign the cheque unless it is accompanied by the appropriate supporting documentation.

4.03 Any two (2) of the signatories can co-sign a cheque.

4.04 All cheques drawn and electronic payments authorised shall be listed in a monthly operations statement of the Association.

#### **5.0 BANK ACCOUNTS**

5.01 The Association shall operate a general operating Bank Account with a recognised Australian Bank approved by the Board.

5.02 The Association may operate Term Deposit Investment Accounts and general operating/trading Accounts with the Bank, and / or the LGFA.

5.03 The Association may authorise debit and credit electronic transfers between any Investment account under the Association name and any trading account under the Association name.

#### **6.0 FINANCIAL REPORTING**

6.01 The EO shall prepare for every ordinary meeting of the Board of the Association

- A monthly operations statement which shall show the details of all receipts and payments from all sources by the Association.

- A monthly statement of operations comparing the receipts and payments with the approved budget.

6.02 A reconciliation statement of all bank accounts with the monthly operations statement. The Executive Officer shall prepare a Draft Business Plan, Budgets and Budget Reviews in accordance with the Local Government Act, Regulations and Charter

## **B TENDERS AND OTHER PURCHASES OF GOODS AND SERVICES.**

Consistent with the policies of Member Council and competitive principles established under intergovernmental agreements, S&HLGA aims to promote fair and open competition as well as the achievement of best value for money in purchasing goods and services.

### **7.0 PURCHASING PROCEDURES**

7.01 No goods or services are to be purchased by the Association unless they have been included in the approved Budget of the Association.

7.02 Goods and services shall be obtained only on the authority of the Executive Officer or the President of the Association. All such requests for service shall be confirmed in writing. A copy of the request for service shall be retained and filed with the payment evidence for the service.

7.03 All goods must be assessed as to their qualities and safety aspects appropriate to the goods being purchased and to ensure that the goods are satisfactory for the purpose for which they are required.

### **8.0 RECEIPT OF GOODS**

8.01 All goods and services received shall be checked to ensure that:

- quantity of good conforms with the written request
- goods in good order and condition
- price charged in accordance with the written request and is fair and reasonable
- all calculations are correct.

### **9.0 PURCHASING POLICY**

9.01 All procurement should be as endorsed by the Annual Budget or separate notice of motion for other material expenditure not budgeted for.

9.02 Goods and services required by the Association which are estimated to cost up to \$5,000 may proceed provided that there is a competitive process (which can include expressions of interest and direct negotiations)

- 9.03 Where expenditure exceeds \$5,000 but is less than \$30,000, then a formal quotation should be sought. If possible, three (3) different quotations should be sought and assessed.
- 9.04 Goods and services required by the Association which are estimated to cost \$30,000.00 or more shall be submitted to public tender unless it is not practical or the Board determine that special circumstances exist and approve that the acquisition not be subject to the tender process.
- 9.05 All invitations to tender must specify a closing date which may only be extended by the Board. The Board shall also approve the criteria that shall be applied to assess the tenders received, noting that price is not the only factor and may include quality, relevant experience, continuity of supply, reliability, performance history, timely delivery, local content or association and compliance with legislative requirements.
- 9.06 All tenders received by the EO prior to the closing date shall be secured under the direct control of the Executive Officer.
- 9.07 The tenders shall only be opened after the close of tenders in the presence of the EO and not less than two persons appointed by the Board, who have no pecuniary interest in the tender, who shall date stamp and sign all tenders received.
- 9.08 Tenders received shall be considered in a manner approved by the Board at the time the tender is called.

## **10.0 UNBUDGETED ITEMS**

Each Year, under the terms of the Local Government Act 1999 and the CHARTER of S&HLGA, the Board will adopt a budget. The EO is authorised to make such purchases as described in the adopted budget, or in the subsequent budget for projects set once any additional funds are advised.

Any material expenditure outside of that must be advised to the Board at the next Board meeting and can only be made under the following conditions:

- 10.01 In emergency situations, the Executive Officer, with the written agreement of the President, Deputy President and any one of the Bank account signatories, can authorise procurement of unbudgeted goods and services to ensure the continuation of operations.
- 10.02 In agreeing to such unbudgeted expenditure, the Executive team must be confident that such procurement would not cause the Association to suffer financially or commercially.
- 10.03 Where possible, such expenditure should be made subject to subsequent approval of the S&HGA Board.

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

*Executive Officer : \_\_\_\_\_*