POLICY 5.23
Finance and Internal Controls
Cash Management & Investments
Version: 4 | Next Review: March 2028

DISTRICT COUNCIL of TUMBY BAY

1. INTRODUCTION

This Cash Management & Investments Policy provides Council staff with direction on the operations and management of Council's bank accounts and investment funds.

2. POLICY OBJECTIVES

The purpose of this policy is to ensure that:

2.1 Council maximises the return on surplus funds, taking into consideration the level of risk,

2.2 Council funds are preserved, and

2.3 Council funds are invested in accordance with its legislative and common law responsibilities.

3. LEGISLATIVE REQUIRMENTS

All investments undertaken by Council must comply with the *Local Government Act 1999* (the Act) and any other relevant legislation, regulations, and guidelines. Particular regard must be given to sections 139 and 140, which govern investment activities.

Section 139 states that Council must invest funds prudently, exercising the care and skill of a reasonable businessperson while avoiding speculative or high-risk investments. It must consider factors such as purpose, diversification, risk, return, liquidity, and capital preservation, and may seek independent advice where appropriate.

4. PRUDENT PERSON OF BUSINESS

All investments are to be made exercising care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons.

5. CASH MANAGEMENT

5.1 Council shall operate a trading bank account to meet any short term cash flow requirements.

5.2 Council may operate trading investment accounts and trading advance account with the Local Government Finance Authority of South Australia (LGFA).

6. INVESTMENTS

6.1 Council will not make any investments with any institution other than the LGFA until such time as it has considered a report detailing all matters detailed within section 139 of the Local Government Act 1999.

6.2 Investments shall not be made with institutions or products with a rating below that listed in the table below, and nor should the amount invested exceed the percentages of total short-term investments:

Type	S&P Short Term Rating	S&P Long Term Rating	Maximum Holding
LGFA deposits	n/a	AA	100%

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Other products and institutions	A-1+	AAA to AA-	75%
Other products and institutions	A-1	A+ to A-	40%

6.3 The Maximum Holding (see above table) is the amount of the investment, plus any investments of the same type, at the time of making the investment, as a percentage of the current total of Council's investments, or the anticipated total of investments in five (5) working days.

7. MAXIMISING RETURNS

7.1 The bank account balance of Council is to be kept at a level no greater than is required to meet Councils immediate working capital requirements, with any surplus funds being applied to either reduce debt or invest.

7.2 Funds are to be invested at the best terms available at that time after taking into account all relevant factors, including the exposure limits set above which delivers the best value to Council.

8. LONG TERM INVESTMENTS

Investments fixed for a period greater than 12 months are to be approved by Council.

9. DELEGATION

9.1 Cash Management

The Chief Executive Officer delegates to the Deputy CEO and the Finance Officer to:

a) Invest surplus Council funds with the LGFA only to take advantage of available interest rates, and

b) Repay any outstanding cash advance to take advantage of any interest rate differentials between the interest rate charged on the cash advance and the rate received on the surplus funds invested.

9.2 Investments

No delegation is provided for investing Council funds under section 139 of the Act.

10. SUB DELEGATION

10.1 Delegation made to a specific person (including the Chief Executive Officer) extends to any person appointed to act in the position.

10.2 In the absence of the Chief Executive Officer, delegation extends to the Deputy CEO.

11. REPORTING

11.1 Valuation & measurement

Annual reporting to be completed in accordance with Note 13 Financial Instruments of the Annual Financial Statements, as per the Model Financial Statements.

11.2 Reporting

On a quarterly basis a report will be prepared which summarises, for each investment:

a) amount and performance of each investment,

b) comparison of Investment portfolio with exposure limits,

c) comparison of year to date performance, with budget.

11.3 Annual Review

Each year a report will be prepared which summarises the performance of each investment and the performance of the investment portfolio as whole.

12. POLICY REVIEW

This Policy shall be reviewed every two (2) years. However, Council may revise or review this Policy at any time.

13. AVAILABILITY OF THIS POLICY

This Policy will be available for inspection at the Council's Office during ordinary business hours and via the Council's website, www.tumbybay.sa.gov.au. Copies will also be provided to the public upon request and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

14. FURTHER INFORMATION

File reference	R26/9628
Responsibility	Deputy Chief Executive Officer
Version	4
Effective date	30/06/2026
Last revised date	12/05/2020
Minutes reference	6c/62026
Next review date	March 2028
Applicable Legislation	*Local Government Act 1999* *Local Government (Financial Management) Regulations 2011*
Related Policies	Policy 5.24 – Treasury Management Policy 5.25 – Revenue & Financing
Related Procedures	Procedure 7.1.10 – Investment Transfers Procedure 7.1.11 – Investments Redeemed

AUTHORITY:

Adopted by Council:	8/10/2013	{Motion 11c/102013}
Reviewed by Council:	10/11/2015	{Motion 7c/112015}
Amended by Council:	12/05/2020	{Motion 3c/52020}
Adopted by Council:	30/06/2026	{Motion 6c/62026}

SIGNED:



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Responsible Officer