



Policy Title	Accounting Practices
Related Documentation	Significant Accounting Policy
Relevant Legislation	<i>Local Government Act 1993</i> The Australian Accounting Standards Board Local Government Code of Accounting Practices and Financial Reporting <i>Local Government (General) Regulations 2005</i>
Responsible Officer	Executive Manager Corporate Services and Governance

Policy details may change prior to review date due to legislative changes, therefore this document is uncontrolled when printed.

Objectives

The purpose of this policy is to document the accounting practices by Campbelltown City Council. These accounting practices are in addition to the 'significant accounting policies' listed in the annual financial statements and refer to matters which are of less significance or considered immaterial.

Policy Statement

This policy has been developed in conjunction with Council's external Auditor to develop a process for the dealing of various transactions affecting Council's end of year financial position. The policy has been developed taking into account all relevant legislation.

Scope

The scope of this policy is to formalise the accounting treatment for transactions affecting Council's end of year financial position.

Definitions

Contingent Asset - is recognised in the Notes to the end of year financial reports. This is reliant on a set of events and does not affect the Income Statement or the Statement of Financial Position as presented in Council's end of year financial reports.

Immaterial - relates to the quantum of the amount of a transaction and where this amount is of a minor nature, it is considered to be immaterial.

Legislative Context

This policy is in accordance with the *Local Government Act 1993*, the *Local Government (General) Regulations 2005*, the Local Government Code of Accounting Practice and Financial Reporting and the Accounting Standards as released by the Australian Accounting Standards Board.

DATA AND DOCUMENT CONTROL

Division: City Governance
Section: Financial Services
DocSet: 2109510

Adopted Date: 15/07/2003
Revised Date: 28/02/2017
Minute Number: 29
Review Date: 30/09/2020

Principles

Childcare Income, Childcare Fees in advance and Childcare Debtors

Council's policy is to only recognise childcare income on a cash basis. The extent of any childcare fees in advance or childcare debtors is considered immaterial and the cost of gathering the information on a monthly basis is prohibitive.

The recoverability of childcare debtors is also considered doubtful so any debtors would need to be provided for by way of a doubtful debts provision liability.

Library Fines

Library fines are brought to account as income on a cash received basis. Outstanding fines are accrued as a debtor with an offsetting provision to enable Council to monitor the balance. The Library system is used as the subsidiary ledger. Due to the minor nature and likelihood recoverability, no contingent asset is recognised.

Prepayments

Although Council prepares its accounts on an accrual basis, prepayments will only be recognised if the prepayment exceeds \$1,000 per month.

Issues such as prepaid motor vehicle registration or telephone services in advance are considered immaterial and not recorded as prepayments.

Income In Advance

Although Council prepares its accounts on an accruals basis, income in advance will only be recognised if the advance exceeds \$1,000 per month.

Specific issues such as prepaid childcare fees or leisure centre membership fees are considered immaterial and not recorded as income in advance.

Stock on Hand

Stock on hand at Council's Central Store is accounted for by the Council's Inventory Module within the Financial Management Information System and an annual stocktake is performed to reconcile the physical stock to the expected stock levels.

Other stock owned by Council such as stationery, kiosk supplies and clothing and equipment at leisure centres is expensed when purchased and not recorded as an asset of the Council.

Parking Fines

Fines are referred to the Infringement Processing Bureau for monitoring and recovery. The Infringement Processing Bureau maintains the controls and checks to monitor outstanding fines. Fines are subject to appeal and negotiation. Therefore it is Council's policy only to recognise the income on a cash received basis.

Additionally, Council also chooses not to recognise these debtors as a contingent asset as Council has no control over the recovery process.

Section 94

Section 94 Contributions are brought to account on a cash received basis. This accounting approach is consistent with the funding of Section 94 works, ie: the funds are received before the works can commence.

Although a contingent asset exists, this asset is matched with an obligation of Council to perform tasks documented in the Section 94 plan. Therefore, no contingent asset or liability is recognised in the accounts in relation to Section 94.

Developer Contributions

Developer contributions are brought to account as soon as Council has a legal claim to the contribution. The allocation of the subsequent receivable between current and non-current will be determined by the conditions of the approval where an agreement is executed.

Related Party Disclosures

For the purposes of AASB 124 Related Party Disclosures, Council will review and identify Key Management Personnel (KMP) and related party transactions annually. This will include but not limited to the review of Key Management Personnel Disclosure Forms, Pecuniary Interest Disclosure Statements, minutes of Council meetings, Annual Reports, development applications lodged and financial accounts such as rates and sundry debtors. A determination will then be made to assess the materiality, whether quantitative or qualitative, of any transactions to be disclosed in Council's Financial Statements.

Information obtained on Key Management Personnel Disclosure Forms will be accessed and reviewed by the Responsible Accounting Officer, Manager Governance and Risk, Finance and Tax Accountant and Council's External Auditors.

Fixed Assets Derecognition

For the purposes of AASB 116 (68) Property Plant and Equipment, Council will disclose gains and losses arising from the derecognition of each item within any asset class of property, plant and equipment through the profit and loss account, with the exception of partial disposals of road assets. Road assets are subject to a fair valuation process each financial year and due to the complex nature of accounting for partial disposals, will be absorbed in fair valuations.

Responsibility

The Manager Financial Services shall ensure that all transactions are treated in accordance with this policy at the end of each financial year and reflected consistently in Council's end of year financial reports.

Effectiveness of this Policy

This policy will be reviewed on a three year basis or where alterations in legislation will require a review of the treatment of transaction associated within this policy.

END OF POLICY STATEMENT