



## Council Policy

# Accounting Policy

Version 8 - 26 August 2024

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### Introduction

#### Purpose

The purpose of the Accounting Policy is to provide a framework for accounting for financial transactions at Lake Macquarie City Council to ensure compliance with relevant legislation and reporting consistency across the organisation and the wider local government industry.

#### Scope

Council manages significant financial resources on behalf of our community. These finances must be managed and reported responsibly in order to provide the services and facilities that are identified in Council's Community Strategic Plan and to ensure that Council is financially sustainable.

This policy will provide a framework for recording transactions and preparing and presenting financial information so that Council complies with all legislative requirements.

All staff need to understand the financial implications of any decision taken during the course of their work, and this policy will be applied by them to guide their actions appropriately.

#### Policy statement

Council's accounting activities will be recorded, and annual financial statements prepared, in accordance with:

- Australian Accounting Standards and professional pronouncements issued by the Australian Accounting Standards Board.
- The Local Government Code of Accounting Practice and Financial Reporting issued by the NSW Office of Local Government.
- The Local Government Act 1993 and the Local Government (General) Regulation 2021.

#### Objectives

The objective of this policy is to provide an accounting framework for the activities of Council so that the following is achieved:

- Disclosure of financial information which is complete, accurate, reliable and timely.
- Consistent recording of accounting activities over time.
- Compliance with accounting standards and legislative requirements.
- Clear guidelines on what significant financial transactions are required to be put to Council for a determination.

#### Principles

To support the Accounting Policy statement, the following must also be adhered to:

##### 1.1 Supporting documentation

Council's accounting activities will be recorded in a timely manner, with adequate supporting documentation and full disclosures to ensure all financial reporting presents a complete, understandable, relevant and accurate representation to our community and other stakeholders.

##### 1.2 Internal Controls

Council will put in place internal controls to ensure the continued reliability of accounting systems and integrity of financial data.

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### 1.3 Procedure and Internal Policy documents

Procedure and Internal Policy documents detail internal policies and procedures that support this accounting policy and are to be applied by staff when appropriate. These documents include Accounting Procedures, Related Party Disclosure Policy, Purchasing Delegation Policy and matrix.

### 1.4 Approval of Council

The following financial matters require the approval of Council:

- Borrowing of funds - a report must be put before Council seeking approval for any loan borrowing program. Borrowed funds are only to be used for the purpose of funding capital expenditure (constructed or acquired assets) where the expected useful life of the asset is to be at least the term of the loan. The types of expenditure which would meet this requirement include but are not limited to:
  - Major capital works of a bricks and mortar type construction.
  - Open space land acquisition.
  - Matching grants for roads, bridges and drainage.
  - Domestic waste purposes.
  - Property investment acquisitions for commercial gain.

Where allowed under legislation, Council may borrow funds internally rather than borrowing funds externally. The reason for this is to reduce the cost of borrowing, as Council can charge the equivalent of the investment rate, whereas external borrowing would normally be at a higher rate. Council would only borrow internally where it has determined that the fund or reserve being borrowed from does not require those funds for the period of the borrowing.

- Acceptance of grant funding - Grant funding is reported to Council and accepted through the quarterly review and operational plan processes.
- Adoption of the Operation Plan and Long Term Financial Plan for each financial year.
- Referral of the annual financial statements to audit each year and adoption of the annual financial statements.

### 1.5 Control of expenditure and management of revenue

Department managers are responsible and accountable for the control of expenditure and the management of income for their department. Included in this responsibility is the requirement to report any significant variations of income or expenditure to Council. The reporting of these variations to Council is ordinarily actioned through the quarterly budget review process.

## Review and Evaluation

Council will review this policy at least once during its term.

A resolution of Council is required to adopt any variations to this policy, except for minor administrative changes, such as updates to legislative references, which may be endorsed by the Executive.

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# Controlled Document Information

### Authorisation Details

<b>Folder No:</b>	F2005/02238	<b>TRIM Record No:</b>	D11697459
<b>Audience:</b>	External - The policy applies to Council staff and the community to provide an Accounting framework for the activities of Council.		
<b>Department:</b>	Financial Services	<b>Officer:</b>	Coordinator Financial Accounting - Judith Lauder
<b>Key focus area(s):</b>	Shared Decision Making		
<b>Review Timeframe:</b> Max < 4 years	4 years	<b>Next Scheduled Review Date:</b>	26 August 2028
<b>Authorisation:</b>	Adopted by Council - 26 August 2024		
<b>Authorisation - Council Adoption Date:</b>	26 August 2024		

### Related Document Information, Standards & References

<b>Related Legislation:</b>	Local Government Act 1993 Local Government (General) Regulation 2005	This act and regulations are integral to the accounting framework described in this policy
<b>Related Policies:</b>	Related Party Disclosure – Internal Policy Purchasing Delegation – Internal Policy Financial Accountability Framework Policy	N/A
<b>Related Procedures, Guidelines, Forms, WHS Modules/PCD's, Risk Assessments, Work Method Statements:</b>	Accounting Procedures	To be read in conjunction with this policy
<b>Standards, COP's &amp; Other References</b>	Australian Accounting Standards and professional pronouncements issued by Australian Accounting Standards Board	These standards are integral to the accounting framework described in this policy.

### Definitions

Term / Abbreviation	Definition
Nil	

### Consultation (update for each version created)

<b>Key Departments, Teams, Positions, Meetings:</b>	Chief Financial Officer - Bjorn Lategan Coordinator Financial Accounting - Judith Lauder Finance Business Partner - Eileen Cannon
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### Version History

Version No	Date Changed	Modified By	Details and Comments
2	6/7/2009	R Gilshenan	Accounting Procedures written and approved by CMT and Accounting Policy updated.
3	24/6/2011	N Spencer	Reviewed and no changes required.
4	29/5/2013	N Spencer	Reviewed and no changes required.
5	13/5/2015	N Spencer	Reviewed and no changes required.
6	27/4/17	N Spencer	<ul style="list-style-type: none"> <li>3.1 Title change to "Reports to committees and Council for projects receiving grant funding</li> <li>3.2 Approval to borrow money and permitted use of borrowed funds – item (c) RTA changed to RMS</li> <li>3.3 Vote transfers and adjustments – item (c) added</li> </ul>
7	31/1/2020	J Roberts	<ul style="list-style-type: none"> <li>Scope included to outline who this policy applies to and how it applies.</li> <li>Objectives redefined to improve understandability of this policy and clearly state what this policy is trying to achieve</li> <li>Policy Statement updated to summarise principles and position which form the framework for Council's accounting activities</li> <li>Committee names updated</li> <li>Use of borrowed funds – dot point 4 - Domestic Waste vehicles changed to Domestic Waste purposes. Comment included relating to internal borrowing.</li> <li>Minor rewording for better understanding of the policy</li> </ul>
8	31/7/2024	J Lauder	<ul style="list-style-type: none"> <li>Updated to new template</li> <li>Added a purpose</li> <li>Updated internal policy documents noted</li> <li>Updated note re internal borrowings – noting that it is available rather than a preferred option</li> <li>Amended review and evaluation period from 2 to 4 years</li> </ul>