
Section 2.4 – Financial Planning

POLICY 2.4.1 - ACCOUNTING POLICY**OBJECTIVE**

To provide a framework for the financial management of the City of Joondalup which is clear, transparent and meets statutory obligations.

STATEMENT**1 Responsibilities**

The Chief Executive Officer is responsible for the good management of Council's finances. The responsibility may be delegated to Director Corporate Services and Resource Management.

2 Accounting Framework

Accounting within the Council is based on a framework of Directorates and Business Units. The Council Budget is to allocate corporate overhead costs and expenses to the Business Units. This format reflects the direction of Council to Strategic and Principal Activities Plans.

3 Financial Reporting**(a) Quarterly Reporting**

In accordance with Section 6.4 (2) of the Local Government Act 1995 and Regulation 34 and 35 of the Local Government (Financial Management) Regulations 1996, the following reports must be presented to Council showing actual revenue and expenditure figures:-

- (i) operating statement showing both program and nature;
- (ii) statement of cash flows;
- (iii) statement of financial position;
- (iv) statement of rating information.

(b) Monthly Reporting

Monthly reports must be provided to the Council (refer Regulation 34 of the Local Government (Financial Management) Regulations 1996) as follows:

- (i) financial management reports;
- (ii) capital works expenditure (greater than \$100,000);

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- (iii) identifying any significant variations between the actual year-to-date income and expenditure totals and the relevant annual budget provisions for those totals from 1 July to the end of the appropriate reporting period (as a guide, “significant” amounts are generally taken to exceed \$50,000; and
- (iv) any other information as may be considered necessary by the Chief Executive Officer.

Monthly reports will be on calendar months and the reports will be presented at the next available Council meeting allowing for a reasonable time for preparation of such reports

A monthly report for the month of July will not be compiled as the City’s Annual Budget has generally not been adopted and the comparative actual versus budget data is not available. A special note will be made in the August monthly report indicating that this report is for the two month period.

(c) Annual Reporting

The annual financial report will not be placed before Council until it has been audited by the external auditor.

4 Reporting Revenue and Expenditure By Nature and Type

For the purpose of reporting all revenue and expenses on “nature and type” as required by the Australian Accounting Standard 27, and the Local Government (Financial Management) Regulations 1996, the following categories have been adopted as the reporting policy of this Council:-

Revenue

- (a) Rates;
- (b) Grants and Subsidies;
- (c) Contributions, reimbursements and donations;
- (d) Profit on Asset Disposals;
- (e) Service Charges;
- (f) Fees and Charges;
- (g) Interest Earnings.

Expenses

- (a) Employee Costs;
- (b) Materials, Contracts and Suppliers;
- (c) Utilities (Gas, Electricity, Water, etc);
- (d) Insurance Expenses;
- (e) Depreciation on Non-Current Assets;
- (f) Loss on Asset Disposal;
- (g) Interest Expenses;
- (h) Other Expenditure.

5 Assets

(a) Capitalisation of Assets

Expenditure of a capital nature is recognised as an asset if the threshold value exceeds:-

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- (i) \$2,000 for Buildings, Plant and Equipment, Furniture and Equipment, except where a group of assets (such as bins) exceed this value;
- (ii) \$2,000 for Infrastructure

(b) Categories of Assets

Artworks
 Land
 Buildings
 Light Vehicles
 Heavy Vehicles
 Plant
 Furniture and Office Equipment
 Other Equipment
 Reserves/Parks Playground and Leisure Equipment (Infrastructure)
 Computer Equipment
 Computer Software (exceeding \$10,000)
 Roads
 Drainage
 Footpaths
 Other Engineering

(c) Depreciation of Assets

Depreciation of assets in the general ledger will be charged to the appropriate business unit and sub unit for Management Accounting and to programme and sub programme for Statutory Accounting purposes, as follows:

Artworks	nil
Land	nil
Buildings	40 years
Light Vehicles	13.3 years
Heavy Vehicles	9.5 years
Plant	8 years
Furniture and Office Equipment	10 years
Other Plant and Equipment	10 years
Reserves/Parks Playground and Leisure Equipment (Infrastructure)	5-20 years
Computer Equipment	3 years
Computer Software (exceeding \$10,000)	5 years
Roads	20-50 years
Drainage	80 years
Footpaths	25-50 years
Other Engineering	1-100 years

6 Interest Earned on Reserve Investments

Interest earned from investing moneys held in reserves is to be classified as operating revenue and then transferred to the Reserve Account in accordance with Council's Annual Budget

7 Provision for Leave

Council's liability for annual leave and long service leave entitlements is expensed annually to provision accounts. When annual or long service leave is taken by an employee, the expense is charged directly to the relative provision account.

Provisions include calculations for workers' compensation and superannuation. Liability for long service leave is discounted in accord with the table shown below:-

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Long Service Leave Adjustment - AAS30				
	Entitlement	Annual Accrual	Discounted Down To	Pay System Adjustment
Year 1	1.3 Weeks	0.90	70%	0.90
Year 2	2.6 Weeks	1.95	75%	1.05
Year 3	3.9 Weeks	3.10	80%	1.15
Year 4	5.2 Weeks	4.40	85%	1.30
Year 5	6.5 Weeks	5.85	90%	1.45
Year 6	7.8 Weeks	7.40	95%	1.55
Year 7	9.1 Weeks	9.10	100%	1.70
Year 8	10.4 Weeks	10.40	100%	1.30
Year 9	11.7 Weeks	11.70	100%	1.30
Year 10	13.0 Weeks	13.00	100%	1.30
Pro-Rata Commences after 7 Years of Service				

8 Write Offs

When a debt is deemed to be irrecoverable, this is to be written off under delegated authority in accordance with the provisions of Sections 5.42(1) and 6.12(1)(c) of the Local Government Act 1995. The cost is to be expensed against the appropriate Business Unit.

9 National Competition Policy

National Competition Policy principles are to be implemented by the Council, where appropriate.

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10 — Advance Account

~~An Advance Account (Director of Resource Management Advance Account) is maintained, enabling cheque payments to be made in an expeditious manner. The Advance Account moneys are recouped from the Municipal Fund on a weekly basis.~~

140 Signatories to Accounts

~~The following people are signatories to Council's accounts:-~~

~~Advance Account~~

- ~~☐ Director Corporate Services & Resource Management~~
- ~~☐ Statutory Accountant~~
- ~~☐ Manager Financial Services~~
- ~~☐ Director Planning and Community Development~~

Signatories to Municipal Account and Trust Account

- ☐ Chief Executive Officer
- ☐ Director Corporate Services & Resource Management
- ☐ Director Planning and Community Development

~~Trust Funds~~

- ~~☐ Chief Executive Officer~~
- ~~☐ Director Corporate Services & Resource Management~~
- ~~☐ Director Planning and Community Development~~

<u>Category A Signatories</u>	<u>Category B Signatories</u>
<u>Chief Executive Officer</u>	<u>Manager Financial Services</u>
<u>Director Planning & Community Development</u>	<u>Statutory Accountant</u>
<u>Director Corporate Services & Resource Management</u>	
<u>Director Infrastructure & Operations</u>	

Approval of payments require signatures as follows:

<u>Cheques or EFT Payment Amounts</u>	<u>Combination of Signatories</u>
<u>Payments under \$10,000</u>	<u>Any 1 of Category A or B signatories</u>
<u>Payments of \$10,000 and over to payments under \$250,000</u>	<u>Any 2 of Category A or B signatories</u>
<u>Payments of \$250,000 and over</u>	<u>Any 1 of Category A and 1 of B signatories; or Any 2 Category A signatories.</u>

In the absence of the Chief Executive Officer or the Director Corporate Services & Resource Management for an extended period, the Chief Executive Officer may authorise, in writing, a designated senior officer to act as a signatory to the City's bank accounts.

Previous Policy No: N/A

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Amendments: CJ213-06/99, CJ148-06/00, CJ001-02/01, CJ121-06/02, CJ213-09/03

Issued: November 2003

Related Documentation: Local Government Act 1995
Local Government (Financial Management) Regulations 1996
Australian Accounting Standards
Delegated Authority Manual

SIGNATORIES TO BANK ACCOUNTS

Function to be performed: Authority to make payments by signing cheques from the to sign on behalf of the City's of Joondalup Municipal and Trust bank accounts or by way of authorising Electronic Funds Transfers- Local Government Chief Executive Officer

Power or Duty Assigned:

Power to Delegate: Yes

Delegation Recommended: Yes

Delegation to: Chief Executive Officer (~~Municipal Account and Trust Funds~~)

Chief Executive Officer delegates to: Municipal Account and Trust Fund (Both)

- ☐ ~~Chief Executive Officer~~
- ☐ ~~Director Corporate Services and Resource Management~~
- ☐ ~~Director Planning and Community Development~~

- ~~Director Resource Management Advance Account~~
- ☐ ~~Chief Executive Officer~~
- ☐ ~~Director Corporate Services and Resource Management~~
- ☐ ~~Director Planning and Community Development~~
- ☐ ~~Manager Financial Services~~
- ☐ ~~Statutory Accountant~~

(where the value of each cheque exceeds \$9999.99, any two of the above)

<u>Category A Signatories</u>	<u>Category B Signatories</u>
<u>Chief Executive Officer</u>	<u>Manager Financial Services</u>
<u>Director Planning & Community Development</u>	<u>Statutory Accountant</u>
<u>Director Corporate Services & Resource Management</u>	
<u>Director Infrastructure & Operations</u>	

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<u>Payments of \$250,000 and over</u>	<u>Any 1 of Category A and 1 of B signatories; or Any 2 Category A signatories.</u>

Reference: Section (5)(1)(e) Local Government (Financial Management) Regulations 1996
Policy 2.4.1