

Council Policy: Finance

Purpose

To provide a framework for the financial management of the WMRC's accounts.

Strategic Objectives

- SCP 1 - Achieve a comprehensive, cost effective waste management service across the region
- SCP 5 - Develop a strong and capable organisation – responsible financial management

Relevant legislation

- Local Government Act 1995
- Local Government (Financial Management) Regulations 1996
- Australian Accounting Standards
- Australian Accounting Interpretations
- Australian Accounting Standards Board
- The Trustees Act 1962 – Part III Investment

Policy

Accounting Standards

Accounting standards applicable and mandatory to WMRC operations should be adopted by Council prior to their application.

Audits

The Auditors are appointed by the Office of the Auditor General. The Annual Financial Statements and audit report are required to be reviewed by Audit and Risk Management Committee and approved by Council.

Budget

The Annual Budget and midyear Budget Review are required to be approved by council in accordance with legislation.

Borrowing

Any borrowings are required to be approved by Council. Borrowing costs are expensed when incurred unless capitalised as part of the asset.

Corporate Credit Cards

Council are required to approve the issue of corporate credit cards and determine the limit(s).

Debt Collection and Financial Hardship

- Outstanding debtor accounts should be pursued from 7 – 80 days overdue before, if worthwhile, being referred to a debt collection service.
- Account customers who request a payment plan due to financial hardship may have debt collection processes suspended. Debt collection may be initiated 6 months after receiving final communication from the account customer.

- An allowance for doubtful debts should be raised when there is objective evidence that it is not collectible. Any bad debt write-offs should be approved by Council.

Donations

Decisions on donations to a maximum value of \$500 or 2.5 tonnes may be made by the Chief Executive Officer. Other requests for donations should be referred to Council for determination.

Financial Statements

- Financial Statements are prepared in accordance with legislation and approved by Council.
- Except for cash flow, the reports are prepared on an accrual basis.
- Transfers between various cash and cash equivalents are not reported.
- Variations to budget of greater than 10% are required to be reported to Council.
- The GST component of cash flows arising from investing or financing activities, which are recoverable from, or payable to, the ATO, are presented as operating cash flows.
- Revenues, expenses, and assets are recognised net of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). The net amount of GST recoverable or payable is included in the statement of financial position.

Investment of Surplus Funds

Without Council approval, investments are limited to:

- Interest bearing deposits with Australian-owned banks listed as authorised deposit-taking institutions by the Australian Prudential Regulation Authority, with a local branch in the region.
- Financial institutions with a Standard and Poor's credit rating of "AA-" or better. Where funds are invested with a financial institution whose credit rating falls below the prescribed level, the funds should be liquidated in the most effective and expedient manner.
- State/Commonwealth Government bonds.
- Bank accepted/endorsed commercial bills.

Speculative investments should not be made.

Asset Management

Assets

- Fixed assets are carried at cost or fair value less any accumulated depreciation and impairment losses.
- Fair Value measurement of non-current assets should be completed every 5 years.
- An asset is impaired if its future cash flow is impacted by one or more 'loss events'. Impairment losses are recognised in profit or loss immediately.
- Derecognition of assets occurs when contractual rights expire or when an asset is transferred to another party. Derecognition of liabilities occurs when obligations are discharged.
- Assets and liabilities are classified as current if they are expected to be settled within 12 months.

Capitalisation

The capitalisation threshold is \$5,000

Depreciation

- The amortisation of Crown Land is via the straight-line method over a period of 40 years.
- Depreciation of buildings is via a straight-line method and other assets via the diminishing method. Major depreciation periods used for each class of depreciable asset are:

Asset Class	Useful Life	Depreciation Rate
Land	N/A	N/A
Buildings	50 years	2%
Office Furniture (including computer equipment)	3-5 years	20-30%

Plant & Equipment	6.66 – 20 years	5-15%
Infrastructure	10-20 years	5-10%

Adopted / Modified

This policy is required to be reviewed every 3 years

	Meeting Date	Resolution #	Implementation Responsibility
Council Adoption	03/12/2020	Item 10.6	Manager Finance & Governance