

(Reprint No. 3)

SOUTH AUSTRALIA

LOCAL GOVERNMENT ACCOUNTING REGULATIONS 1993

*These regulations are reprinted pursuant to the Subordinate Legislation Act 1978 and incorporate all amendments in force as at **29 July 1999**.*

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REGULATIONS UNDER THE LOCAL GOVERNMENT ACT 1934

LOCAL GOVERNMENT ACCOUNTING REGULATIONS 1993

being

No. 74 of 1993: *Gaz.* 29 April 1993, p. 1526¹

as varied by

No. 139 of 1995: *Gaz.* 29 June 1995, p. 3131²

No. 143 of 1999: *Gaz.* 1 July 1999, p. 55³

No. 159 of 1999: *Gaz.* 29 July 1999, p. 626⁴

¹ Came into operation 1 July 1993: reg. 2.

² Came into operation 30 June 1995: reg. 2(1).

³ Came into operation 1 July 1999: reg. 2.

⁴ **Came into operation 29 July 1999: reg. 2.**

NOTE:

- *Asterisks indicate repeal or deletion of text.*
- *Entries appearing in bold type indicate the amendments incorporated since the last reprint.*
- *For the legislative history of the regulations see Appendix.*

**PART 1
PRELIMINARY**

Citation

1. These regulations may be cited as the *Local Government Accounting Regulations 1993*.

Commencement

2. These regulations will come into operation on 1 July 1993.

Revocation

3. The *Local Government Accounting Regulations 1979* (see *Gazette* 7 June 1979 p. 1689), as varied, are revoked.

Interpretation

4. In these regulations, unless the contrary intention appears—

"AAS 27" means Australian Accounting Standard AAS 27 "Financial Reporting by Local Governments", as promulgated and amended from time to time by the Institute of Chartered Accountants in Australia and the Australian Society of Certified Practising Accountants;

"the Act" means the *Local Government Act 1934*;

"Australian Accounting Standard" means any Australian Accounting Standard, as promulgated and amended from time to time by the Institute of Chartered Accountants in Australia and the Australian Society of Certified Practising Accountants;

"annual report" means the report prepared by the council on an annual basis under section 42A of the Act;

"budget" means the budget prepared by the council under section 159 of the Act;

"community wealth" means the residual interest in the assets of a council or controlling authority left after the deduction of its liabilities;

"current assets" means cash or other assets that would in the ordinary course of operations be consumed or converted into cash within 12 months after the end of the last reporting period;

"financial statements" are constituted by the following:

- (a) an operating statement;
- (b) a statement of financial position;
- (c) a statement of changes in community wealth;
- (d) a statement of cash flows,

prepared by a council under section 161 of the Act, and include all relevant notes;

"infrastructure" means assets which are integral to public facilities that provide essential public services and which, once constructed, are of a permanent, long-term nature¹;

¹ *Examples: Roads, footpaths, bridges, storm-water drains, common effluent drainage systems, water pipes, windmills, jetties, monuments, bores.*

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"**material**" has the same meaning as in Australian Accounting Standard AAS 5;

"**non-current assets**" means all assets other than current assets;

"**provision**" means an amount shown in the statement of financial position to recognise the existence of a liability or the reduction in the value of an asset as a result of depreciation, amortisation or other diminution in value;

"**reserve**" means any part of the accumulated surplus of a council or controlling authority set aside for a particular purpose.

**PART 2
THE BUDGET**

Content of budget

5. (1) The budget of a council must include the following information for the financial year to which the budget relates:

- (a) a budgeted operating statement; and
- (b) a budgeted statement of financial position; and
- (c) a budgeted statement of cash flows; and
- (d) a budget statement as to the basis for the determination of rates.

(2) However, a council is not required to comply with subregulation (1)(b) until the budget for the 1997/1998 financial year.

Reconsideration of budget

6. (1) Pursuant to section 159(6) of the Act, the budget of a council must be reconsidered as at the following dates in the relevant financial year:

- (a) 30 September;
- (b) 31 December;
- (c) 31 March.

(2) For the purposes of this regulation, a budget may be kept and presented in any format that meets the needs of the council subject to the requirement that the council must ensure that a comparison is made between the council's budgeted performance and its actual performance.

(3) If a council revises its budget, it must also revise its budgeted operating statement, statement of financial position and statement of cash flows¹.

¹. See regulation 5(1)(a)-(c).

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**PART 3
ACCOUNTING PRINCIPLES**

Accounting principles

7. Unless specific provision is otherwise made by these regulations, a council must ensure that all accounting records, accounts and financial statements of the council are prepared and maintained in accordance with AAS 27 and any other relevant Australian Accounting Standard.

Revaluation of assets

8. (1) A council must undertake a revaluation of all material non-current assets in accordance with the relevant Australian Accounting Standards.

(2) If the Australian Accounting Standards do not prescribe a period for the revaluation of a particular class of non-current asset, the council must ensure that any non-current asset of that class is revalued at least once in every five years.

(3) A revaluation under subregulation (2) may be undertaken on a rolling basis for different classes of assets.

**PART 4
ANNUAL REPORTING**

Reporting formats

9. (1) A council must determine, in respect of each financial year, whether it will report on its financial affairs—

- (a) by reporting according to the nature and type of revenues and expenses; or
- (b) by reporting according to the functions and activities undertaken by the council.

(2) If a council decides to report according to the nature and type of revenues and expenses, the financial statements of the council must be in the form of the financial statements set out in the schedule.

(2a) A council that has decided to report according to the nature and type of revenues and expenses must still comply with any requirement under AAS27 to provide information about functions and activities undertaken by the council.

(3) If a council decides to report according to the functions and activities undertaken by the council, the council must include, as a note to its financial statements, an operating statement in the form set out in the schedule that reports on the nature and type of revenues and expenses.

(4) A council's financial statements must also disclose, by way of note, a reconciliation of material differences between budgeted and actual revenues and expenses.

(5) The budget statement used for the purposes of subregulation (4) must be the budgeted operating statement that was used for the preparation of the budget statement as to the basis for the determination of rates.

Adoption of financial statements

10. The following statements must be included on the final page of the financial statements of a council:

CHIEF EXECUTIVE OFFICER'S STATEMENT

I, the
of
do hereby state that the Statement of Financial Position of the
..... as at 30 June 19.
and the Operating Statement, Statement of Changes in Community Wealth and the Statement of Cash Flows, together with supporting notes, for the year ended on that date are to the best of my knowledge presented fairly and in accordance with accounting procedures which have been maintained in accordance with the *Local Government Act 1934*, and the *Local Government Accounting Regulations* made under that Act.

.....
(Signed)
Dated

ADOPTION STATEMENT

Laid before the
and adopted on

.....
Chief Executive Officer Mayor or Chairman

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Prescribed day

11. The prescribed day for the purposes of section 161(2) of the Act is the second Friday in each October.

Provision of information

12. (1) Pursuant to section 161(4) of the Act, a council must, on or before 30 November in each year, submit a copy of the audited financial statements of the council for the immediately preceding financial year to—

- (a) the Minister; and
- (b) the presiding member of the South Australian Local Government Grants Commission; and
- (c) the Deputy Commonwealth Statistician and Government Statist.

(1a) The statements submitted under subregulation (1) must be accompanied by information that accords with the "Supplementary Data to the Financial Statements" issued by the Australian Bureau of Statistics for use by councils.

(1b) The council must ensure that information provided under subregulation (1a) is reconciled with the audited financial statements of the council.

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**PART 5
INTERNAL CONTROL**

Internal control policies

13. (1) The Chief Executive Officer of a council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner, to ensure adherence to management policies, to safeguard the council's assets, and to secure as far as possible) the accuracy and reliability of council records.

(2) The Chief Executive Officer must ensure that records and other forms of documentation that set out the policies, practices and procedures established for the purposes of subregulation (1) are created and maintained.

(3) The Chief Executive Officer must ensure—

(a) that an adequate record is kept of all council assets; and

(b) that the record is updated at least annually.

Tenders

14. (1) A council must establish and implement a policy relating to tenders.

(2) The policy must include the specification of a monetary limit relating to the provision of goods and services above which tenders must be called.

(3) The monetary limit will not apply if—

(a) it is impracticable to call for tenders in the circumstances of a particular case; or

(b) the council resolves for some other good cause that tenders need not be called for in the circumstances of a particular case.

(4) All invitations to tender for the provision of goods or services to a council must specify a closing date.

(5) A council may, for good cause, extend a closing date.

(6) A tender received before the closing date must be placed in a locked tender box under the control of the Chief Executive Officer.

(7) A tender box can only be opened in the presence of at least two officers of the council and, immediately after a tender box is opened, the tenders must be initialled by two officers of the council.

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**PART 6
GENERAL**

Controlling authorities—section 199

15. (1) The accounts of a controlling authority established by a council under section 199 of the Act must be audited after the end of each financial year by the council's auditor.

(2) The audited accounts must be submitted to the council by a day determined by the council and included as part of the council's annual report.

Controlling authorities—section 200

16. (1) A controlling authority established under section 200 of the Act must have an auditor.

(2) The appointment or removal of an auditor must be approved by each constituent council.

(3) The accounts of the controlling authority for a particular financial year must be audited by a day determined by agreement between the constituent councils, or by a day set out in the rules of the controlling authority, but in any event not later than 30 September in each year.

(4) The audited accounts must be submitted to each constituent council by a day determined by the particular council.

(5) Unless otherwise required by a relevant Australian Accounting Standard, a council must, in respect of each controlling authority of which the council is a constituent council, include by way of a note to its financial statements—

- (a) information that identifies the controlling authority, and describes its nature and purpose; and
- (b) information on the financial contributions that have been made by the council to the controlling authority, or to the council by the controlling authority, during the financial year.

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Municipal/District Council of

Statement of Cash Flows for the Year Ended 30 June 19XX

19XX		19XX
\$	Note	\$
Inflows (Outflows)	CASH FLOWS FROM OPERATING ACTIVITIES	Inflows (Outflows)
(XXX)	<i>Payments</i>	(XXX)
XXX	<i>Receipts</i>	XXX
	NET CASH USED IN OPERATING ACTIVITIES	
XXX		XXX
	CASH FLOWS FROM FINANCING ACTIVITIES	
	<i>Payments</i>	
(XXX)	Principal	(XXX)
(XXX)	Interest	(XXX)
(XXX)	Other Charges	(XXX)
	<i>Receipts</i>	
XXX	Loans Received	XXX
XXX	Interest Received	XXX
	NET CASH USED IN FINANCING ACTIVITIES	
XXX		XXX
	CASH FLOWS FROM OTHER ACTIVITIES	
	<i>Payments</i>	
(XXX)	Purchase of	(XXX)
(XXX)	Purchase of	(XXX)
	<i>Receipts</i>	
XXX	Capital Grants/Subsidies/Contributions	XXX
XXX	Sale of	XXX
XXX	Sale of	XXX
	NET CASH USED IN OTHER ACTIVITIES	
XXX		XXX
	NET INCREASE (DECREASE) IN CASH HELD	
XXX		XXX
XXX	CASH AT BEGINNING OF REPORTING PERIOD	XXX
	CASH AT END OF REPORTING PERIOD	
XXX		XXX

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APPENDIX

LEGISLATIVE HISTORY

(entries in bold type indicate amendments incorporated since the last reprint)

Regulation 4:	definition of "community assets" revoked by 139, 1995, reg. 3(a) definition of "infrastructure" inserted by 139, 1995, reg. 3(b) definition of "operating assets" revoked by 139, 1995, reg. 3(c)
Regulation 5:	varied and redesignated as reg. 5(1) by 139, 1995, reg. 4
Regulation 5(2):	inserted by 139, 1995, reg. 4(b)
Regulation 6(2):	substituted by 139, 1995, reg. 5
Regulation 6(3):	inserted by 139, 1995, reg. 5
Regulation 8:	varied and redesignated as reg. 8(1) by 139, 1995, reg. 6
Regulation 8(2) and (3):	inserted by 139, 1995, reg. 6(b)
Regulation 9(2):	varied by 139, 1995, reg. 7(a)
Regulation 9(2a):	inserted by 139, 1995, reg. 7(b)
Regulation 9(3):	substituted by 139, 1995, reg. 7(b)
Regulation 9(5):	inserted by 139, 1995, reg. 7(c)
Regulation 12(1):	varied by 139, 1995, reg. 8(a)
Regulation 12(1a) and (1b):	inserted by 139, 1995, reg. 8(b)
Regulation 12(2):	varied by 139, 1995, reg. 8(c); revoked by 159, 1999, reg. 4(b) (Sched. 2 cl. 2)
Regulation 13(1) and (2):	substituted by 139, 1995, reg. 9(a)
Regulation 13(3):	varied by 139, 1995, reg. 9(b)
Regulation 16(3):	varied by 139, 1995, reg. 10(a)
Regulation 16(5):	inserted by 139, 1995, reg. 10(b)
Schedule:	inserted by 139, 1995, reg. 11; varied by 143, 1999, reg. 3 (Sched. cl. 14)
Schedules 1 and 2:	revoked by 139, 1995, reg. 11