



Draft Code of Accounting Practice and Financial Reporting (Update 25)

WEBINAR Q&As

QUESTION	ANSWER
1. Do we need to disclose transactions relating to former councillors (from amalgamated councils) who are on council committees and continue to be paid.	No, not unless they meet any other criteria e.g. KMP? These councillors are no longer exercising councillor responsibilities and no longer directly or indirectly have the control authority and responsibility for planning, directing and controlling the activities of the Council.
2. Appendix H, states that "key management personnel will include all councillors, the general manager, and all senior staff as determined by the act. At Wollongong not all senior staff control or direct the activities of council as a whole.	You will need to have a look at the definition as it states directing and controlling the activities of the entity, directly or indirectly so this is fairly broad. If a decision is made that they are not KMP then you will need to document why. Appendix H is a guide however to avoid confusion we will remove the paragraph which states that Key Management personnel will include all councillors, the GM and all senior staff as determined by the ACT.
3. Transactions in the ordinary course of business (e.g. rates) don't need disclosing - but if it is a bad debt in relation to that transaction do we then disclose? (Public interest?)	Correct.
4. Can you please clarify the following question regarding AASB 124? In the circular 17/02 issued with the draft Code update 25 the following information was provided: Note 28 – Related Party Disclosures- A new Note for the required disclosures associated with AASB 124 -Related Party Disclosures.-All councils are required to comply with AASB 124, with the exception of the 19 new councils proclaimed on 12 May 2016. Bayside Council is required to comply as it was proclaimed after the commencement of the Standard. As City of Parramatta was proclaimed on 12 May 2016, am I correct in assuming that we will not be required to complete the disclosure Note 28 Related Party Disclosures for 2016/17 financial reports?	Correct, however new councils not required to disclose should progress the implementation of policy and recording system requirements.



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5. If a former councillor is now under contract to provide services, but is not longer a councillor since the elections, will we need to disclose only the details of the payments made while he was an elected Councillor.	Correct if his relationship with councils does not satisfy any other criteria e.g. KMP
6. Could you please advise whether it is mandatory to compile a policy and whether this needs to be a formal policy that goes to Council – thanks	There is no mandatory requirement however it is highly recommended to ensure consistency of practice in the data collection and reporting processes.
a. Can you clarify that even if we don't disclose related party transaction, because of judgement calls, we are still require to maintain records for audit purposes detailing procurement or remuneration transaction s with KMP's and close family members. Info available for GIPA enquiries?	Council staff collecting the information should discuss the process with their GIPA experts.
7. As SS1 is not audited - is there any possibility that this will be removed from the statements?	The data in SS1 is collected mainly for the calculation of the Financial Assistance Grants, so it will continue to be collected.
8. Are amalgamated councils required to complete Special Schedules?	Yes, Amalgamated Councils are required to complete General Purpose Statements (with the additional disclosures identified in the supplement) Special Purpose Statements and Schedule Schedules. They are not required to include in the GP Statements : budget information, comparatives, Note 16 – Material budget variances and Note 29 – Related Party Disclosures (except for Bayside)
9. Does appendix H come under the ministerial guidelines section 23? If so won't the statement regarding senior staff (page D-27) impose further requirements over and above the standard? Can that statement be amended to allow Council decision?	The appendix is a guide however to avoid confusion we will remove the paragraph which states that Key Management personnel will include all councils, the GM and all senior staff as determined by the ACT.
10. In previous years our auditors indicated that the disclosures on business activities may no longer be required. Have there been any further discussions on this?	The Office of Water is included in the consultation on the Code. We will continue this practice. At this stage there has been no discussion in relation to removing the disclosures regarding business activities.
a. Separate to this code update - can information be provided in due course regarding the accounting treatment of the ESPL - will	OLG understands that Councils will require guidance regarding the collection and disbursement of the ESPL as the collection of these funds will commence from 1 July



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it be simply a separate trust type accounting regime or consolidated into the general purpose financial reports?	2017. This will be discussed at the next TAG meeting. Guidance will then be issued to councils to ensure systems and processes are in place prior to 1 July 2017.
11. For new councils will we be required to complete a single SS8 or individual	Shortly new councils will be required to complete a SS8 for 2016/17 – the format of the schedule will include columns for former councils data and a column for the consolidated data. The final Code supplement for new councils will also include this format for SS8 for 2017/18.
12. Are the former council's asset revaluation reserves lost?	Yes, unfortunately
13. The code is based around fully merged entities several councils are not fully merged. 14. In the accounting standards the entries will only reflect the components of the balance sheet being brought into the new entity. There is no requirement to reconcile what was in old entity to new. Is this correct?	We understand the unique circumstances of the City of Parramatta and Cumberland that are formed by parts of former and existing councils. OLG is prepared to work with these councils individually to clarify reporting required (if necessary) given the unique nature of these councils. There is no requirement to reconcile the old entity to the new entity.
15. Why are there no budget figures for amalgamated councils? They all prepared budgets	Nineteen of the new councils are required to report actuals from 13 May 16 to 30 June 17. Where-as their approved budgets commenced 1 July 2016 to 30 June 2017. Bayside will report actuals from September 2016 to 30 June 2017 however their approved budget was from 1 July 2016 to 30 June 2017. To avoid misinterpretations and reporting on meaningless budget variances it was decided that new councils would not be required to include their budget information or complete Note 16. However, the Code prescribes the minimum requirement. If you have a budget that aligns with the reporting period you may include this.