



## General Ledger Information Policy

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| Strategic Reference            | Provide leadership, good governance, and efficient, effective and responsive Council services  |
| File Reference / Record No     | 18/067/229/3 / NGO191444   |
| Responsibility                 | Chief Financial Officer  |
| Version Number                 | Version 2.0  |
| Last Revised Date              | May 2022   |
| Minute Book Reference          | C22112   |
| Next Review Date               | May 2026   |
| Applicable Legislation         | Local Government Act 1999<br>Local Government (Financial Management) Regulations (2011)  |
| Related Policies               | Fraud & Corruption Prevention Policy<br>Risk Management Policy<br>Internal Financial Control Framework Policy<br>Fixed Asset Financial Reporting Policy<br>Rating Policy<br>Credit Card Policy<br>Procurement Policy |
| Related Procedures / Documents |  |

### 1. Objective

- 1.1. This Policy guides Council and its administration in how financial information is recorded in the administrations financial systems and the integrity checks required to meet statutory requirements in forming the annual financial statements.

## 2. Scope

- 2.1. This Policy addresses the General Ledger and the subledgers;
  - 2.1.1. Debtor Ledger
  - 2.1.2. Creditors Ledger
  - 2.1.3. Bank Account
- 2.2. It does not address the Fixed Asset Register which is covered in the Fixed Asset Financial Reporting Policy.
- 2.3. This policy also addresses taxation obligations.

## 3. Definition

- 3.1. For the purpose of this policy:
  - “Act”, means the Local Government Act 1999 (SA)
  - “Council” means District Council of Yankalilla
  - “Legislation” means all relevant State and Federal legislation and Council By-Laws
  - “Manager” means the current manager of Council’s finance function
  - “Regulations” means Local Government (Financial Management) Regulations (2011)

## 4. Policy Statement

- 4.1. This Policy applies to the provisions of the Local Government Act 1999 (the Act) Section 124 (Accounting Records to be Kept), regarding Council’s financial General Ledger (GL) and how financial information is established and maintained with accuracy and integrity for transactions undertaken across all Council operations.
- 4.2. It is subordinate to the Internal Financial Control Framework which outlines the risk management framework all Council financial policies are created under and must comply with.
- 4.3. This Policy also underpins how Council’s administration treats various categories of transactions recorded on the General Ledger, culminating in their subsequent publication in the Annual Financial Reports required under Section 127 (Financial Statements) of the Act.

## 5. Policy

### 5.1. Overview

## General Ledger Information Policy

- 5.1.1. The General Ledger Information Policy sets out how financial information is recorded in the Council's financial systems.
- 5.1.2. The financial information required relates to;
  - General Ledger Journals
  - General and Subsidiary Ledger Reconciliations
  - Subsidiary Ledger Journals
  - Other financial information required to fully document the business Council undertakes to comply with the Act and the Regulations
- 5.1.3. In order to mitigate risk of error or fraud, all ledger reconciliations will be completed in accordance with the internal financial controls. This will ensure the integrity of the ledger is maintained with reasonable frequency
- 5.1.4. This policy prescribes that segregation of duties should exist within the General Ledger cycle in preparation of journals and Balance Sheet reconciliations and the review of the same.
- 5.1.5. It also provides an external auditor assurance that internal control frameworks are being adhered to with diligence and due care.
- 5.1.6. These controls apply to the following financial information recorded as part of Council's operations in the General Ledger system either directly or via Subsidiary Ledger journals;
  - Debtors and Debt Collection
  - Monies or Cash Received
  - Bank Account reconciliations and operations
  - Creditor Payments
  - Credit Card transactions
- 5.1.7. Fixed Asset information integrity checks are subject to a dedicated policy (Fixed Asset Financial Reporting Policy) specifically prescribing guidelines in how fixed asset financial information is recorded and maintained.

### **5.2. Debtor Reconciliations**

- 5.2.1. Debtor invoices raised and issued to external parties shall be recorded in the accounts receivable subsidiary ledger and reconciled with the general ledger.
- 5.2.2. The reconciliation shall be reviewed by the Manager.

### **5.3. Debt Collection**

- 5.3.1. This section of the Policy does not preclude or supersede provisions contained in Council's Rating Policy, nor its Rates and Charges (Financial) Hardship Policy,

pertaining to provisions at Section 182 (Remission and Postponement of Payment) of the Act.

Rates Debtors

- 5.3.2. Council rates become overdue when not paid in accordance with a Rate Notice that is issued pursuant to Section 180 of the Local Government Act 1999.
- 5.3.3. Council will apply a prescribed fine and interest for overdue rates as per Section 181 of the Local Government Act 1999.
- 5.3.4. Payment plans and flexible payment arrangements will be made available to ratepayers and sundry debtors upon application for overdue amounts.
- 5.3.5. Ratepayers may apply for financial hardship, arrangements to pay or postponement of rates where their financial circumstances do not allow them the means to meet their financial liability when due.
- 5.3.6. The Council may at its discretion, under delegated authority, remit penalties and related expenses for late payment of rates, where genuine hardship can be substantiated.
- 5.3.7. Council may at its discretion, under delegated authority, recover overdue sundry debtors as a rate where the debt relates to the land.
- 5.3.8. Council may use an external debt collection agency to recover outstanding payments from ratepayers
- 5.3.9. Where rates on a property become three years or more in arrears, Council may commence proceedings to sell the property under Section 184 of the Local Government Act 1999. The Act sets out the procedure to be followed in such actions.

Sundry Debtors

- 5.3.10. Sundry debtors become overdue when not paid in accordance with the terms on the invoice issued by Council. Council's standard term for sundry debtors is 30 days.
- 5.3.11. An administration charge may be applied to sundry debtors that are overdue.
- 5.3.12. Council may commence its legal recovery process, through a debt collection agent, on overdue amounts.
- 5.3.13. If all reasonable attempts at recovery have been exhausted, the Chief Financial Officer may authorise an unrecoverable debt to be written off.

#### **5.4. Monies or Cash Received**

- 5.4.1. Monies or cash received shall be recorded by an entry to the general ledger bank account.
- 5.4.2. The payer shall be issued with a cash receipt.
- 5.4.3. Receipts for cash payments shall be issued in unbroken sequential order.
- 5.4.4. If the payment is made by cheque, the cheque shall be crossed "Not Negotiable" by the payer before receipt by administrative staff.
- 5.4.5. Voided or receipt reversals shall be retained in order to maintain unbroken sequential receipting for reconciliation purposes.
- 5.4.6. Monies received by mail will be receipted into the accounting system.

#### **5.5. Banking**

- 5.5.1. Monies received and receipted must be deposited into the physical Council bank account, by the following business day or as soon as practicable after receipt by Council.
- 5.5.2. During peak periods depositing of cash into the physical bank account shall be completed on a daily basis to ensure a minimum level of cash is held on Council premises.
- 5.5.3. Deposits shall be checked by a finance officer ensuring physical cash, cheques and electronic takings reconcile to customer receipts.
- 5.5.4. Deposits shall be reconciled with the General Ledger, as part of the reconciliation of the Bank Account(s) encompassing all financial information affecting the Account including journals originating from subsidiary ledgers.
- 5.5.5. If required to do so, cash held on premises overnight shall be insured to a commensurate value at Council's discretion.

#### **5.6. Bank Accounts**

- 5.6.1. Bank accounts will be operated by Council exclusively for conducting its business and for no other purpose.
- 5.6.2. All bank accounts will be in the name of District Council of Yankalilla. New accounts can only be opened, and/or existing accounts closed, with the approval of Council.
- 5.6.3. At least two (2) authorised signatories are required to disburse any funds from Council bank accounts.
- 5.6.4. Authorised signatories are to match those officers delegated to perform these duties under Council's Delegations.

## **5.7. Creditor Payments**

- 5.7.1. All accounts for payment shall be created the accounts payable officer and certified by an Authorising Officer, as per Council's Delegations.
- The receipt of the goods and services being in accordance with the relevant official purchase order where required by Council's Procurement Policy.
  - The prices charged being fair and reasonable.
  - The calculations and additions being correct.
  - The allocation of the payment to the correct ledger.
- 5.7.2. Creditor payments made by Electronic Funds Transfer (EFT) or cheque shall be drawn on the Council's bank account.
- 5.7.3. All creditor payments originating from creditor invoices shall be transacted through Council's Accounts Payable subsidiary ledger.
- 5.7.4. All purchase order requisitions shall be authorised by a delegate with the appropriate approval to do so.
- 5.7.5. Payments for goods or services via cheque shall be made via Council's bank cheque book and issued in numerical sequential order. Council's preferred method of payment is EFT and cheques will only be issued in exceptional circumstances.
- 5.7.6. Unused cheques shall be stored securely by the officer responsible for maintaining the cheque book.
- 5.7.7. A general ledger to accounts payable subsidiary ledger and bank account reconciliation is to be undertaken in accordance with Council's internal financial controls.
- 5.7.8. These reconciliations shall be reviewed by the Manager.
- 5.7.9. Any unexplainable anomalies that are found as a result of performing this reconciliation are to be reported to the Chief Financial Officer.
- 5.7.10. Credit card transaction statements provided by the card issuers are to be checked and reconciled against receipts for transactions and provided to the appropriate officer in accordance with the Credit Card Policy.

## **5.8. Manual Journals**

- 5.8.1. Manual journals, when required, are to be compiled by a finance officer, and reviewed and authorised by a more senior finance team member, ensuring that segregation of duties is maintained. The journal is posted in the general ledger through Council's accounting software.

- 5.8.2. The approver ensures that the correct account allocation has been used and all other details on the journal are correct.

## 5.9. Taxation

- 5.9.1. Council will follow all appropriate legislation to meet its taxation obligations including Goods and Services Tax (GST), Fringe Benefits Tax (FBT) and Pay As You Go (PAYG) withholding.

## 6. Further Information

This policy will be available for inspection at the Council office listed below during ordinary business hours and provided to interested parties as per Council's Fees and Charges Register. Copies are available to be downloaded, free of charge, from Council's website: [www.yankalilla.sa.gov.au/policies](http://www.yankalilla.sa.gov.au/policies)

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## 7. Grievances

Any grievances in relation to this policy or its application should be forwarded in writing addressed to the Chief Executive Officer of Council.

## 8. Review Cycle

This document is subject to review in four (4) years from the date of authorisation.

## 9. Document History

| Date       | Version | Council Resolution No. | Description of changes |
|------------|---------|------------------------|------------------------|
| 09/05/2019 | 1.0     | C19087                 | Adoption of Policy     |
| 21/06/2022 | 2.0     | C22112                 | Review of Policy       |