

Asset Accounting Policy Review

Friday, 16 May 2025

Audit and Risk Committee

Strategic Alignment - Our Corporation

Public

Program Contact:

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Approving Officer:

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EXECUTIVE SUMMARY

This report seeks feedback from the Audit and Risk Committee on the updated Asset Accounting Policy (renamed Fixed Asset Accounting Policy), prior to presenting to Council for Adoption.

The Asset Accounting Policy (the Policy) objective is to ensure that accounting treatment for non-current assets complies with the *Local Government Act 1999 (SA)*, *Local Government (Financial Management) Regulations 2011 (SA)*, SA Model Financial Statements of the relevant financial year, and Australian Accounting Standards.

Council adopted the current Policy in September 2020, and a scheduled review has been conducted. The current Policy is shown here [Link 1](#).

The review recommends no substantive amendments but has clarified and simplified wording of the current policy and proposes changing the policy name to **Fixed Asset Accounting Policy** to better reflect its scope.

The proposed Fixed Asset Accounting Policy with tracked changes is shown in **Attachment A** and the proposed revised Fixed Asset Accounting Policy is shown in **Attachment B**. A table of the key changes and comments for both Policies is included in **Attachment C**.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Notes the updated Fixed Asset Policy (formerly "Asset Accounting Policy") with amendments shown as track changes, as contained in Attachment A to Item 6.4 on the Agenda for the Audit and Risk Committee held on 16 May 2025
2. Adopts the updated Fixed Asset Accounting Policy (formerly "Asset Accounting Policy") as contained in Attachment B to Item 6.4 on the Agenda for the meeting of the Audit and Risk Committee held on 16 May 2025.
3. Notes the table summarising changes made to the Fixed Asset Accounting Policy (formerly "Asset Accounting Policy") as contained in Attachment C to Item 6.4 on the Agenda for the Audit and Risk Committee held on 16 May 2025.
4. Authorises the Chief Executive Officer (or delegate) to make minor, typographical, syntactical and technical updates to the Fixed Asset Accounting Policy (formerly "Asset Accounting Policy") as contained in Attachment B to Item 6.4 on the Agenda for the Audit and Risk Committee held on 16 May 2025 to finalise the document.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation Create, maintain and integrate plans and policies that reflect, and guide decision making and support our city and our community to thrive.
Policy	This report proposes minor changes to the existing Asset Accounting Policy. The review recommends no substantive amendments but has clarified and simplified wording of the current policy and proposes changing the policy name to Fixed Asset Accounting Policy to better reflect its scope.
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Accounting for non-current assets correctly requires adherence to specific legislation, regulations and standards, including: • <i>Local Government Act 1999 (SA)</i> • <i>Local Government (Financial Management) Regulations 2011 (SA)</i> • Australian Accounting Standards Board (AASB) 13 Fair Value Measurement • AASB 101 Presentation of Financial Statements • AASB 116 Property, Plant & Equipment • AASB 136 Impairment of Assets
Opportunities	Not as a result of this report
24/25 Budget Allocation	Not as a result of this report
Proposed 25/26 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
24/25 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

1. The Asset Accounting Policy (the Policy) as shown in [Link 1](#) is scheduled to be reviewed every two years. The Policy was first developed and introduced in 2020.
2. The Policy will now be scheduled for review every four years in line with the term of Council.
3. The purpose of this Policy is to define how the City of Adelaide ensures accounting treatment for non-current assets complies with the *Local Government Act 1999 (SA)*, *Local Government (Financial Management) Regulations 2011 (SA)*, SA Model Financial Statements of the relevant financial year, and Australian Accounting Standards.
4. The name and policy wording has been updated to Fixed Asset Accounting Policy (formerly Asset Accounting Policy) to reflect coverage only of the accounting treatment for non-current assets.
5. Accounting for non-current assets correctly requires adherence to specific legislation, regulations and standards, including:
 - 5.1 *Local Government Act 1999 (SA)*
 - 5.2 *Local Government (Financial Management) Regulations 2011 (SA)*
 - 5.3 Australian Accounting Standards Board (AASB) 13 Fair Value Measurement
 - 5.4 AASB 101 Presentation of Financial Statements
 - 5.5 AASB 116 Property, Plant & Equipment
 - 5.6 AASB 136 Impairment of Assets
6. Other City of Adelaide guidelines and policies also align with this policy, and include:
 - 6.1 Fixed Asset Accounting Guidelines
 - 6.2 Acquisition & Disposal of Land & Assets Policy
 - 6.3 Asset Management Policy (including Asset Management Plans)
7. The Fixed Asset Accounting Policy incorporates all the relevant legislation, regulations, standards, guidelines and policies.
8. The review recommends no substantive amendments but has clarified and simplified wording of the current policy, aligning the policy to current processes and proposes changing the policy name to Fixed Asset Accounting Policy to better reflect its scope.
9. The updated Policy with tracked changes can be viewed at Attachment A, and without tracked changes at Attachment B.
10. Changes made to the Asset Accounting Policy are summarised in a table of key changes and comments at Attachment C.

DATA AND SUPPORTING INFORMATION

[Link 1](#) – Asset Accounting Policy (2020)

ATTACHMENTS

Attachment A - Asset Accounting Policy - Tracked changes

Attachment B - Fixed Asset Accounting Policy (formerly Asset Accounting Policy) - Revised no tracked changes

Attachment C - Fixed Asset Accounting Policy (formerly Asset Accounting Policy) - Table of key changes and comments

- END OF REPORT -