General Ledger Policy

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Responsible Officer(s):	*General Manager Corporate & Community Services*
Council File Reference:	*N/A*
Applicable Legislation:	*Local Government Act 1999* *Local Government (Financial Management) Regulations 2011*
Relevant Policies:	*Delegations Policy*
Related Procedures:	
Delegations:	*Chief Executive Officer/ General Manager Corporate & Community Services and Delegations Register*

1. Purpose

This policy outlines the management of the general ledger by council staff involved in the recording of financial transactions, changes to the general ledger or the subsequent generation of general ledger reports and reconciliations.

2. Definitions

Balance Sheet	summarises an organisation's assets, equity and liabilities at a point in time
CEO	Chief Executive Officer
General Ledger	is a means for keeping record of a company's total financial accounts and include assets, liabilities, equity, expenses and revenue
Journal	a means of entering a transaction into the accounting system
Reconciliation	the process of ensuring the general ledger balances match supporting transactions, documentation and substantiation to confirm that each account is accurate, complete and properly stated

3. Principles

This policy is to ensure that the appropriate procedures in relation to the maintenance

and recording of transactions into the general ledger are in place to comply with Section 124 of the Local Government Act 1999 which states:

(1) A Council must:

(a) Keep such accounting records as correctly and adequately record and explain the revenues, expenses, assets and liabilities of the Council;

(b) Keep its accounting records in such manner as will enable –

I. The preparation and provision of statements that present fairly financial and other information; and

II. The financial statements of the Council need to be conveniently and properly audited.

4. Policy Statement

The general ledger is used to record all financial transactions relating to the Berri Barmera Council. It is further subdivided into assets, liabilities, equity, revenue and expenses. The general ledger is used to summarise the large number of transactions into categories and subsequently used to produce:

- Internal reporting for management; and
- External financial reporting

The management of the general ledger includes:

- Changes to the general ledger framework;
- General ledger account reconciliations; and
- Processing journals

In relation to the General Ledger, the major risks faced by Council are summarised as follows:

- General Ledger does not contain accurate financial information.
- Data contained within the General Ledger is permanently lost.

The following segregation of duties should exist within the General Ledger cycle:

- Preparation of journals and Balance Sheet Reconciliations; and
- Review and approval of journals and Balance Sheet Reconciliations.

General Ledger Controls

Controls in place to prevent the General Ledger not containing accurate financial information include the following:

4.1 General Journals

General Journals are to be reviewed and authorised by the Finance Manager who ensures the correct account allocation has been used and all other details on the journal are correct. If the journal is entered by the Finance Manager, it is to be authorised by an appropriate person with the necessary skills that is independent of the preparer, at least on a monthly basis.

Before preparing a journal, a unique journal number is required to be obtained from the journal folder. This number is to be used as the general journal reference.

Each journal filed in the journals folder should have the following attached:

- The General Journal Batch Transaction Listing printed from SynergySoft.
- The GL Impact Statement printed from SynergySoft.
- Additional supporting documentation as evidence of the purpose of the journal.

Where possible, the duties of requesting the journal and processing the journal should be segregated.

The following should be carried out:

- Once the journal has been posted into SynergySoft, journals are filed to ensure that no journals are overlooked or posted twice.
- As part of the month end process, the General Journal Report is printed then put together with the journals and given to an independent person to check.
- The independent person checks to ensure evidence is supplied with each journal.
- They then sign off the journals once completed.

4.2 **General**

User access - All computer users are to have program access analysed in conjunction with their job descriptions to determine the appropriate access levels required to carry out their duties. Access is provided through Delegations and reviewed at least annually. Access to the General Ledger is restricted to approved personnel as per the Finance Manager.

General Ledger Audit - An audit report of all changes made to the general ledger is prepared monthly and supplied to an independent person for checking to make sure only required changes are made to the general ledger.

Balance Sheet Reconciliations - All Balance Sheet Accounts (including control and clearing accounts) are to be reconciled monthly by the Finance Officer and reviewed by the Finance Manager. Reconciliations are to be completed by the 15th of the month following the reporting month. Clearing and suspense accounts are to be regularly checked and cleared to zero. If unable to clear to zero, a note of the reason why should be kept. Balance Sheet Reconciliations are to be checked by an independent person annually, at the end of the financial year.

The chart of accounts is to be regularly updated to ensure correct account allocations are made.

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Before using a printed copy, verify that is the current version.