

## **FINANCIAL MANAGEMENT**

### **Accounting practices**

#### **CHECKLIST:**

The new entity will need to review, develop and document procedures to ensure consistency in accounting processes and the treatment of transactions.

- Are procedure manuals up to date and reflective of the current processes?
- Do the current management accounting processes provide effective allocation of overheads and indirect costs to provide management with accurate costs for the functions and activities of the existing local government?
- What modifications are required to create a single set of procedure manuals for the new entity?
- What additional accounting processes are needed to support the Significant Accounting Policies and the financial operations of the new entity?
- Are there opportunities to design better practice?
- How will the new processes be communicated to finance staff and the other significant internal and external stakeholders of the new entity? How will the new processes be reviewed for effectiveness?
- Consider a communication plan for the existing entity to create buy in to the project from existing finance staff and other significant internal and external stakeholders.
- Consider developing a project plan to provide rigour to the project.
- Review existing accounting processes and update procedure manuals covering but not limited to the following:
  - Cash Management and Investments
  - Debtor and Collections
  - Creditors/ EFT Payments
  - Banking Transactions/Reconciliations
  - Provisions
  - Operating Income
  - Operating Expenditure
  - Activity Based Costing
  - Allocation of overheads
  - Capital Works funding
  - Capital Expenditure
  - Works in Progress
  - Grants
  - Fees and Charges
  - Rating methodology
  - Borrowings
  - Other Income
  - Reserve Funds
  - Infrastructure Assets
  - Other assets such as plant and equipment
  - Freehold land and land held for resale
  - Trust Funds
  - Monthly financial reporting

- Compare the existing procedure manuals for each of the merging entities.
- Create a project team from the staff of the merging entities to create a single set of procedure manuals for the new entity.
- Have the project team engaged with finance staff and other significant internal and external stakeholders regarding the design and communication of new processes.
- Consider whether the new procedure manuals will be hard copy, online or both.
- Conduct information and training sessions to prepare finance staff and other significant internal and external stakeholders for the new processes.
- Distribute the new procedure manuals.
- Roll out the new processes.
- Create a team from the stakeholder group to provide a periodic review of the processes to ensure continuous improvement.