**A guide to the preparation of Accounting policy position paper**

Councils should ensure that they are preparing accounting policy position papers (position papers) to support accounting policy choices, significant judgements, estimates or transition to new Accounting Standards.

The preparation of position papers enables better understanding of decisions made and consistency of application of standards on an ongoing basis. Position papers should be presented to the Audit Committees and auditors. They also aid in the event of changes to finance staff.

Position papers should be tailored to the specific transactions or balances at council.

There is no mandatory format for a position paper, however the following structure is provided as a suggested layout. A template for use by councils is provided at   
Appendix A.

|  |  |
| --- | --- |
| **Purpose** | Why is the paper being prepared? |
| **Background** | What is the history of the circumstances specific to council?  What other knowledge is necessary to understand the paper? |
| **Executive summary** | Depending on the length of the paper, it may be useful to include a short executive summary highlighting the conclusion reached and other key points. |
| **Relevant pronouncements** | What are the applicable accounting standards, legislation, OLG circulars etc which have been considered in forming councils position? |
| **Analysis** | Provide a detailed analysis of the issue which documents the story behind the outcome reached which may include:   * References or extracts to relevant pronouncements and how the requirements relate to council. * Application of the pronouncements, including quantitative effect and associated journals. * Rationale for particular options choice; where there were multiple options available to council. * Transition arrangements (if relevant). * Disclosure changes in the financial statements. * Other business / operational impacts on councils including for examples changes in processes or delegations etc. |
| **Resources used** | Where Council engaged experts, performed consultation or relied on external publications, they should be stated here. |
| **Assumptions made** | Where there are any key assumptions made, these should be documented to ensure that readers can determine the appropriateness of the assumptions and how different assumptions may affect the outcome. |
| **Conclusion / recommendation** | Outcome reached based on the analysis performed. |

**Appendix A – Template position paper**

|  |  |
| --- | --- |
| **Purpose** |  |
| **Background** |  |
| **Executive summary** | The conclusion reached in this paper is …. due to the following reasons:   * Xxx * Xxx   A detailed analysis has been provided in the sections below. |
| **Relevant pronouncements** | The following pronouncements are relevant to this position paper:   * AASB XX * XXXX Act 20XX * OLG Circular XX |
| **Analysis** |  |
| **Resources used** | In preparing this paper Council consulted with XXX and reviewed the following documents published by XXX:   * Xxx * Xxx |
| **Assumptions made** | Council has made the following assumptions in preparing this paper:   * Xx * Xx   The analysis and conclusions may change if these assumptions are not valid or they change in the future. |
| **Conclusion / recommendation** | Based on the analysis performed, Council sets out the conclusion and associated recommendations:   * Xx * xx |

**Paper prepared by:**

**Date:**

**Paper reviewed by:**

**Date:**

**Distribution of paper (provide details of who the paper should be sent to):**

* xx
* xx
* xx

**Action required from the recipients of the paper:**

[provide details of the action required – for example, noting only, approval, discussion at audit committee, additional resources, other].

**Urgency:**

[provide details of any deadlines e.g. outcomes to be agreed by dd/mm/yyyy to enable financial statements at 30 June to be prepared]

**Final outcome:**

[document the final outcome, e.g. the Audit Committee approved the policy paper at their meeting on dd/mm/yyyy and the financial statements will be prepared using the analysis above.]