

Circular to Councils

Subject/title	Local Government Code of Accounting Practice and Financial Reporting 2025/26
Circular Details	25-24 / 12 December 2025 / A975079
Who should read this	General Managers / Joint Organisation (JO) Executive Officers / Financial accounting business areas
Contact	Policy Team / 4428 4100 / code@olg.nsw.gov.au
Action required	Councils / County Councils / JOs to implement

What's new or changing?

- The final Code of Accounting Practice and Financial Reporting (the Code) is available to guide the preparation of councils' 2025/26 financial statements.
- A JO supplement to the Code is available to prepare JO 2025/26 financial statements.

What will this mean for councils/JOs?

- The Code must be used by councils, county councils and JOs to prepare their annual financial statements in accordance with the *Local Government Act 1993* (LG Act) and the Local Government (General) Regulation 2021.

Key points

- The Code has been prepared in accordance with the LG Act, the Australian Accounting Standards and other requirements.
- The JO supplement to the Code supports the preparation of JO financial statements.
- Councils, county councils and JOs should carefully review the key changes in this year's Code, which are highlighted in yellow and are also detailed within the Summary of Key Changes to the Code 2025/26.
- Notable changes include:
 - Changes to the Code to emphasise that only material information should be disclosed in the financial statements, and

- Additions to the appendices to provide guidance on materiality, revenue recognition of development fees, and prior period errors.
- The Code has been developed in consultation with the Code Working Group, which includes key stakeholders from councils, Local Government NSW, Local Government Professionals Australia (NSW) and the NSW Audit Office.
- A 2025 Summary Paper has also been released to provide an overview of the topics, options and changes the Code WG considered during the development of the 2025/26 Code.
- Councils are encouraged to use the large range of financial training materials and guidance available on the Council Portal. This includes 53 bite-sized video recordings developed for a range of audience including councillors, general managers and finance staff.
- OLG has also provided two examples of a ‘decluttering’ exercise to demonstrate the removal of immaterial disclosures from council financial statements. The examples are available on the Council Portal.

Expressions of interest

- Expressions of Interest are now open to council financial professionals to join the annual Code Working Group to provide technical input on accounting issues for the 2026/27 Code update.
- The expected commitment schedule is:
 - an initial discussion session (up to 3 hours) in July to address feedback on the existing Code and discuss proposed refinements;
 - a follow-up commentary window (4-6 weeks) in September/October to provide feedback on a draft Code update; and
 - a final meeting (3 hours) in November to confirm final changes and suggestions. Please note that these dates are provisional and subject to confirmation.
- Council financial professionals interested in joining the Code Working Group and have the capacity and technical expertise to participate are encouraged to email code@olg.nsw.gov.au by **COB 30 April 2026**. Final membership of the group will be determined by the Office of Local Government (OLG).

Where to go for further information

The 2025/26 Code is available on the OLG website and includes the:

- General Purpose Financial Statements (Section 1)

- Joint Organisations Supplement (Section 2)
- Special Purpose Financial Statements (Section 3)
- Special Schedules (Section 4)
- Appendices (Section 5)
- Summary of Key Changes to the Code 2025/26

OLG's Accounting Practice page can be found here:

<https://www.olg.nsw.gov.au/councils/council-finances/financial-reporting/local-government-code-of-accounting-practice-and-financialreporting/>.

OLG also provides a range of finance and accounting training videos, slides, template documents and guidance material on the 'Accounting Guidance' tab of the [Council Portal](#), including webinars a range of audience including councillors, general managers and finance staff.

A handwritten signature in blue ink, appearing to read "Brett Whitworth".

Brett Whitworth PSM
Deputy Secretary
Office of Local Government