

COUNCIL POLICY

Council Policy Title:	Asset Valuation and Revaluation Policy
Council Policy ref. no:	16.7
Responsible Department:	Corporate Services
Date of adoption/review:	23 September 2015

1. INTRODUCTION

Many of Council's assets are long lived assets. Recognising these long lived asset values at the value Council incurred for acquiring these assets would not be reflective of their current values for replacing those assets when they reach the end of their useful lives. Both Accounting Standards and other State Government requirements require Council to revalue these long lived assets to their fair value so that they do not differ materially from their carrying amount.

2. PURPOSE

This Policy specifies the Council's approach, in accordance with relevant Australian Accounting Standards and other State Government requirements, to undertaking financial valuations of non-current assets.

The Policy provides guidance to all council officers involved in the valuation and revaluation of non-current assets. This Policy contains parameters which guide the timing of when revaluations for particular classes of assets should take place.

This information is relevant to values provided in Council's Financial Statements, Council's Asset Management Plans and Council's Long Term Financial Plan.

3. SCOPE

The Policy covers financial valuation of non-current physical assets subsequent to initial recognition, including:

- Frequency and method of valuation and revaluation; and
- Roles and responsibilities.

This Policy excludes:

- Insurance valuations; and
- 'Held for Sale' valuations.

4. POLICY COMMITMENT

Council will undertake periodic revaluation of all non-current physical assets owned or managed by Council in accordance with relevant Australian Accounting Standards and State Government Guidelines.

This Policy and the associated Asset Valuation and Revaluation Procedure direct Council officers who are charged with accounting for Council's Assets and related purposes.

In implementing this Policy, Council will:

- Review annually the need for revaluation of Council owned or controlled non-current asset classes, based on the materiality of valuation movement;
- Require valuations ensuring that each Asset Class is re-valued in a consistent manner and with appropriate frequency.
- Apply the appropriate valuation method for each Asset Class.
- Require that the frequencies of condition assessments, for each Asset Class, are conducted in accordance with the Accounting Standards and State Government requirements.
- Review useful lives and thresholds of the various Asset Classes on an annual basis in accordance with the Accounting Standards and in conjunction with the preparation of the Annual Financial Statements.

5. FREQUENCY AND METHOD OF VALUATION

In implementing this policy Council will:

- Review financial valuation of Council owned or controlled non-current asset classes, as at 31 March each year, including assessment of impairment, and maintain supporting documentation for audit purposes;
- Conduct Asset Revaluations in accordance with Accounting Standards and State Government requirements;
- Adopt Asset Standard Lives as per recommendations from Asset Management Plans and other assessment of assets;
- Ensure that corporate systems record current asset values for reporting in audited financial statements within the Annual Report.

5. RESPONSIBILITIES AND DELEGATIONS

The following key roles, positions and groups have defined functions as follows:

Council:

Responsible for:

- Policy approval;
- Responsible for stewardship of community services and associated sustainment of infrastructure assets; and
- Responsible for providing resources for Policy implementation.

Chief Executive and Executive Team:

Responsible for:

- Compliance with the Policy; and
- Reviewing Policy as required.

Manager Asset & Property Services:

Responsible for:

- Coordination of corporate financial valuation process;
- Valuation of all Council assets except for building and land assets; and
- Assessment of asset impairment.

Manager Financial Services:

Responsible for:

- Coordination of corporate financial valuation process;
- Managing and keeping the corporate Asset Management System up to date;
- Coordinating collection of asset inventory and condition data;
- Managing and keeping the corporate Finance System up to date;
- Reporting Fair Value in the financial statements, including impairment; and
- Reviewing useful lives and thresholds of the various Asset Classes.

6. AUDIT AND REVIEW

This policy will be monitored continuously to ensure its relevance in terms of community needs and expectations, Council goals and targets and statutory requirements. The Executive Management Team shall review compliance with this policy on an ongoing basis and amend the policy as required.

The Asset Valuation and Revaluation Policy shall be reviewed at least every four (4) years, in line with Council elections.

7. RELATED LEGISLATION/POLICIES/GUIDELINES

Internal:

This Policy is to be read in conjunction with the following Council documents:

- Council Plan 2013-2017
- Asset Management Policy
- Asset Capitalisation Policy
- Asset Management Plans

External:

The Asset Valuation and Revaluation Procedure associated with this Policy fully complies with relevant State Government Legislation and Guidelines and with Australian Accounting Standards, including:

- *Local Government Act 1989*, Section 131, which provides that Council must prepare Financial Statements in accordance with the Act.
- Australian Accounting Standards Board (AASB) Standards:
 - AASB 116 Property, Plant and Equipment;
 - AASB 13 Fair Value Measurement;
 - AASB 1041 Revaluation of Non-Current Assets;

- AASB 136 Impairment of Assets;
 - AASB 1051 Land Under Roads;
 - AASB 138, Intangible Assets;
 - AASB 5, Non-current Assets Held for Sale and Discontinued Operations;
 - AASB 1049 Whole of Government and General Government Sector Financial Reporting.
- State Government Financial Guidelines.
 - Department of Treasury and Finance - Financial Reporting Directions and Guidance Notes:
 - FRD 19, Private Provision of Public Infrastructure - 2003
 - FRD 100, Financial Reporting Directions – Framework – 2005
 - FRD 103D, Non-Current Physical Assets - 2009
 - FRD 106, Impairment of Assets - 2005
 - FRD 109, Intangible Assets - 2005
 - FRD 118B, Land Under Declared Roads – 2010
 - Department of Planning and Community Development Guidelines:
 - 2004, Guidelines for Developing an Asset Management Policy, Strategy and Plan
 - 2005, Guidance Note – Fair Value Asset Valuation Methodologies for Victorian Local Governments
 - 2006, Guidelines for Reporting and Measuring the condition of Road Assets
 - 2006, Accounting for non-current physical assets under AASB 116
 - 2014, Model Financial Report
 - Victorian Auditor-General's Office Reports:
 - 2014, Asset Management and Maintenance by Councils;
 - Local Government: Results of previous Audits

ADOPTED/AMENDMENT OF POLICY

Policy Review Date	Reason for Amendment
23 September 2015	Adoption by Council