

Policy Name	Cost Allocation
Policy Type	Finance
Policy Number	FIN05
Version	2
Approval Date	January 2019
Renewal Date	January 2022



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POLICY STATEMENT

The Northern Territory Local Government (Accounting) Regulations regulation requires Council to provide details of all administrative and accounting procedures, policies and delegations of authority, including:

- (i) Details of internal control procedures; and
- (ii) Details of all personnel and financial delegations; and
- (iii) A chart of accounts divided into assets, liabilities, income, expenses and council equity accounts; and
- (iv) Procedures relating to the receipt and banking of money, the payment of salaries and wages, the allocation of machinery operations costs to council functions, the purchase of goods and services and the granting of credit to Council debtors."

ALLOCATION OF MACHINERY OPERATIONS COSTS TO COUNCIL FUNCTIONS

The range of vehicle, plant and machinery owned and leased by West Daly Regional Council is extensive in number and variety. Equipment is utilised in grant funded programs or on a shared basis between various programs, areas, and centres. For example, a front end loader at one service centre purchased primarily for road maintenance and civil engineering work might travel to various neighbouring centres periodically to perform waste management duties. The operational and capital cost including depreciation of the plant item must therefore be shared proportionately between programs based on the level of activity by centre and program.

The hourly operational cost of an item is determined on such factors as initial purchase cost and depreciation, hourly operational running costs including fuels, operator costs, service costs and ongoing maintenance. The Assets Manager is then responsible not only for determining hourly operational costs but ensuring these are allocated to the appropriate cost centre based on data received from the field.

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An exception to this would be those grant funded programs such as Night Patrol where capital costs are provided by the funding agency to purchase equipment such as motor vehicles exclusively for that service. Consequently, depreciation is not a calculable operational cost to Council in this instance.

Council will charge administration charges of 15% unless otherwise stated in the grant agreement.

TERMINOLOGY AND REFERENCES

REFERENCES

Local Government Act

FURTHER INFORMATION:

Chief Executive Officer

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