

**TREASURER'S DIRECTIONS**  
**ACCOUNTING – INTRODUCTION**  
**Section A1.3 : Standard Classification Codes**

**STATEMENT OF INTENT**

*The use of a standard set of ledger account codes facilitates the consistent classification and recording of financial information and transactions in the Government Accounting System. This Section identifies and prescribes the application of the standard classification codes by an Agency.*

**MAIN FEATURES**

Section 38 of the *Financial Management Act* requires every Accountable Officer and every employee of an Agency to comply with the Treasurer's Directions.

**Standard Classification Codes**

- Standard classification codes are a standardised set of ledger account codes used by Agencies for recording financial transactions.

**Standard Classification Code Usage**

- Agencies are to use the specified standard classification codes unless approval has been obtained from the Treasurer (or delegate).

For authoritative instruction and guidance, reference should be made to related Treasurer's Directions and associated commentary, relevant Australian accounting standards and other authoritative interpretations.

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## AUTHORITIES

*Financial Management Act*  
*Fiscal Integrity and Transparency Act*

## REFERENCES

Apex Budget and Reporting System User Manual  
Apex Chart of Accounts – Information Booklet

*Related Treasurer's Directions:*

- A2.1 Accounting – Assets : Overview
- A3.1 Accounting – Liabilities : Overview
- A4.1 Accounting – Equity : Overview
- A5.1 Accounting – Income : Overview
- A6.1 Accounting – Expenses : Overview

## STANDARD CLASSIFICATION CODES

### A1.3.1

Standard classification codes are a standardised set of ledger account codes used by Agencies for recording financial transactions.

- (i) The consistent classification and recording of financial information and transactions in the Government Accounting System (GAS) is facilitated through the use of standard classification codes by Agencies. These codes have been developed to support accrual accounting requirements and have been structured in the following categories:
- income;
  - expenses;
  - assets;
  - liabilities; and
  - equity.
- (ii) The standard classification codes provide a ledger account classification framework to ensure consistency is maintained across Agencies and to:
- facilitate the implementation of accrual accounting, budgeting and reporting associated with *Working for Outcomes*;
  - satisfy the requirements of the *Financial Management Act*, the *Fiscal Integrity and Transparency Act* and other financial management policies of the Territory;
  - satisfy National Government Finance Statistics and Loan Council reporting requirements; and
  - assist in ledger monitoring and maintenance.
- (iii) The standard classification codes have not been referred to as a Chart of Accounts so as to avoid confusion with the Apex Budget and Reporting System Chart of Accounts. The Apex Chart of Accounts has been structured to align with the standard classification codes with the exception of:
- standard classification PIPS posting level codes are not required in the Apex Chart of Accounts;
  - the inclusion of opening balance accounts in Apex; and
  - the use of the account or code description as the primary Apex reference field as opposed to the six digit standard classification code.

Additional information on Apex may be found in Apex publications.

## STANDARD CLASSIFICATION CODE USAGE

### A1.3.2

**Agencies are to use the set of standard classification codes designated in Appendix A unless approval has been obtained from the Treasurer (or delegate).**

- (i) To maintain consistency in the recording of financial information across Government, the set of standard classification codes designated in Appendix A will be applied by Agencies. In situations where an Agency requires the use of a different set of codes, approval is required from the Treasurer (or delegate).
- (ii) Situations may arise where an Agency or Agencies require additional standard classification codes to those designated in Appendix A. Where additional posting level codes are required, approval is not required, provided posting level codes are not already designated for that summary code. For example, posting level codes are designated for certain PIPS items such as salaries expense.
- (iii) Approval is required for additional non-posting level codes to be included in the set of standard classification codes at Appendix A. The approval process will take account of:
  - the materiality of transactions or balances involved;
  - accrual accounting records and requirements;
  - whole of Government application;
  - external reporting requirements; and
  - other relevant factors.
- (iv) Where an Agency requests additional standard classification codes, adequate justification and background information should be provided that takes into account the above factors.

### A1.3.3

**The standard classification codes are to be utilised by Agencies having regard to instruction and guidance provided in these Directions and other applicable Government policy.**

- (i) The consistent and appropriate use of the standard classification codes by Agencies will assist in ensuring that Agency and whole of Government reports are accurate and provide meaningful information to users.
- (ii) When utilising standard classification codes, Agencies will also have regard to :
  - specific exclusions and comments noted in the “Explanation” field in Appendix A;
  - whether specific codes have been specified as ‘cash’ or ‘non-cash’ codes in Appendix A;
  - instruction and explanatory comments in Treasurer’s Directions; and
  - other instructions, guidance, or Government policies issued or provided in relation to standard classification code usage (for example, Treasury advice, Treasury Circulars, Procurement Policies or Directions, etc.)

- (iii) In particular, attention is drawn to the following codes or groups of codes:
- 341 000 Consultants Fees: Includes expenses related to the engagement of outside consultants or specialists services, excluding: IT consultants; public relations consultants; and Standard Service Contracts.
  - 351 000 Information Technology Charges: Provides a detailed breakdown of information technology charges to ensure that accurate and timely reports on the Governments information technology costs can be obtained; and
  - 356 000 Legal Expenses: Applicable for all legal expenses of Government, with the exception of workers compensation legal expenses.
- (iv) The standard classification codes labelled in Appendix A with a 'Tax Flag' identify particular classes of transactions that may attract Fringe Benefits Tax (F) or Payroll Tax (P). These 'Tax Flags' indicate possible tax consequences associated with the use of these codes and are provided as a guide only. Additional information and guidance regarding Fringe Benefits Tax and Payroll Tax may be found in Treasury Tax Circulars.

### CREATION OF LEDGER ACCOUNT CODES

A1.3.4 Each Agency is to establish posting level ledger account codes that contain the Government Accounting System (GAS) Agency identifier and the applicable standard classification code.

A1.3.5 Each Agency is to nominate to Northern Territory Treasury the starting character position of the standard classification code.

- (i) Each Agency is required to establish posting level ledger account codes that allow the Agency to record financial transactions in GAS. The minimum requirement for a posting level ledger account code is the Agency identifier in the first two characters and the applicable standard classification code. The Agency identifier is a unique two-digit code, used to identify each individual Agency.
- (ii) Within each Agency, the standard classification code will start in the same position for every posting level ledger account code prescribed in Direction A1.3.4.
- (iii) Each Agency will notify Northern Territory Treasury in a timely manner whenever there is a need to change the starting character position of the standard classification code. In practice, the Department of Corporate and Information Services will provide details of the starting position for standard classification codes for those Agencies whose ledgers it manages.

**APPENDIX A**

***Standard Classification Codes***

This appendix details the standard classification codes. These codes are to be incorporated into ledger account codes to facilitate a wide range of reporting requirements. A high level summary of the standard classification codes is shown below.

**OPERATING STATEMENT**

100000	Income
200000	Expenses – Employee
300000	Expenses – General
400000	Expenses – Grants and Subsidies
500000	Expenses – Finance
600000	Expenses – Transfers

**BALANCE SHEET**

800000	Assets
900000	Liabilities
990000	Equity