

# Accounts payable Policy

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## 1. Purpose

The purpose of the Accounts payable Policy is to ensure appropriate controls for the use and management of invoices and other accounts payable claims comply with the Department for Child Protection (DCP) and whole of government requirements, including Treasurer's Instructions (TI) and appropriate legislation.

## 2. Scope

This policy applies to all DCP staff with responsibility for accounts payable functions including:

- approving the procurement/purchase of goods and/or services
- processing and approving payment of creditor accounts
- reporting on DCP creditors
- compliance reviews.

## 3. Authority

### 3.1 Legislative context

- [A New Tax System \(Goods and Services Tax\) Act 1999](#)
- [A New Tax System \(Goods and Services Tax\) Regulations 2019](#)
- [Late Payment of Government Debts \(Interest\) Act 2013](#)
- [Public and Finance Audit Act 1987.](#)

### 3.2 Whole of Government requirements

- [Australian Taxation Office Tax compliant invoice requirements](#)
- [TI 2 Financial Management](#)
- [TI 8 Financial Authorisations](#)
- [TI 11 Payment of Creditor's Accounts](#)
- [TI 17 Public Sector Initiatives](#)
- [TI 23 Management of Foreign Currency Exposures](#)
- [Commissioner Determination 3.2 Employment Conditions - Remuneration - Allowances and Reimbursements.](#)

### 3.3 DCP requirements

- [Financial Accountability Procedure](#)
- [Financial Authorisations Procedure](#)
- [Financial Authorisations Register](#)
- [Financial Management Compliance Framework](#)
- [General Ledger and Job Cost Chart of Accounts Procedure](#)
- [Procurement Governance Policy.](#)

### 3.4 Principles

- expenditure must be within the approved budget allocation
- invoices are to be coded in the general/job cost ledgers in accordance with [General ledger and job cost chart of accounts Procedure](#)
- purchases must comply with the [Procurement governance Policy](#) prior to making the commitment to incur expenditure
- officers with an appropriate financial authorisation (per the [Financial Authorisations Register](#)) must approve the requisition of goods and services and payment of invoices
- invoices must be paid in accordance with the terms and timeframes stated in TI 11
- any department/ public sector initiative that may fall under TI 17 is appropriately approved.

## 4. Policy requirements

### 4.1 Types of invoicing and payment methods

#### 4.1.1 Basware

DCP primarily uses the Basware system to pay invoices. Basware access is requested via the [Service Now portal](#). The request is reviewed by the Financial Systems and Compliance Unit (FSCU) before it is processed by Shared Services SA (SSSA).

Vendors are required to forward invoices directly to SSSA. Refer to '[Speed up Payment of Invoices](#)' for further information. Where an invoice is sent to the business unit directly, the business unit is required to forward the invoice to SSSA ([APinvoices@sharedservices.sa.gov.au](mailto:APinvoices@sharedservices.sa.gov.au)) for processing in a timely manner (unless it has been paid via other means, for example a state government purchase card). Invoices should be checked to ensure they are tax compliant prior to sending to SSSA (refer section 4.7).

All invoices should be addressed as follows:

<b>Department Name or Acronym</b>	Department for Child Protection or DCP
<b>One of the following Address</b>	Business Unit or Office Name or Basware workflow group GPO Box 11027, Adelaide SA, 5001
<b>Contact person</b>	Attn: name of the DCP employee who ordered the goods/service
	<b>Or</b>
	Basware user responsible for invoice coding and certification
<b>Purchase Order Number</b>	PO #xxxxxx (if applicable)

SSSA coordinates the scanning of the invoice into Basware and flows it to the appropriate officer based on the invoice details. Following approval by the appropriate delegate, the invoice details are checked by SSSA and transferred to the Masterpiece Accounts Payable module for payment.

**NOTE:** When going on leave, please ensure that you select a 'back-up' person in Basware to redirect invoices to another staff member to be processed. For more information, refer to the [SSSA quick reference guide](#)

#### 4.1.2 Purchase orders

Purchase orders are an official document that enables the authorisation and recording of goods and/or services prior to them being received. Purchase orders can formalise the engagement with a vendor for the provision of goods and/or services and can also be used as a means for tracking payments against an agreement.

Procurement can assist in providing advice on the use of purchase orders when the value meets procurement levels as per the [Procurement Governance Policy](#).

Further information on creating a purchase order (purchase requisition) can be found on the [SSSA website](#).

### 4.1.3 State government purchase cards

Approved purchase cards are used for low value official business purposes. They must not be used to circumvent any mandated policies or procurement requirements. Payments made on a purchase card are paid via the Expense Manager System (EMS).

Refer to the [Purchase Card Procedure](#) for further information on the use and management of state government purchase cards.

### 4.1.4 Feed files

There are instances where a payment feed file from a subsidiary system is utilised. An example of a feed file includes the carer payments system.

A monthly reconciliation (within 21 business days) between the feed files and the general ledger must be completed to ensure completeness and accuracy. These reconciliations must be reviewed and approved by an independent officer within the business unit. Any discrepancies or issues must be followed up and resolved promptly.

### 4.1.5 Recipient created tax invoice (RCTI)

A RCTI agreement may be established where payment is for a taxable supply. RCTIs are commonly used for scheduled contract payments where a vendor does not invoice the department.

RCTIs must be issued in a timely manner and only established where it is agreed upon with a vendor. Refer to the Australian Tax Office [website](#) for further information.

### 4.1.6 Online payment request (OPR)

An OPR allows users to create a transaction with appropriate supporting documentation in Basware for payment.

Officers processing the payment **must** implement appropriate checks and reconciliations within their business unit to minimise the risk of errors such as duplicate payments, incorrect payment amounts, etc. It is the approving officers responsibility to ensure they have appropriate assurance that the invoice is correct and valid and has not been paid via other means prior to approving. The approving officer must also ensure the correct vendor has been selected and that their bank details agree to supporting information.

Refer to the [SSSA site](#) for more information on OPRs.

### 4.1.7 Urgent payments

Urgent payments are EFT payments made to a vendor by the subsequent day (occasionally on the same day depending on the banking institution of the vendor).

SSSA charges an additional fee (in addition to the invoice amount) for processing each urgent payment. The business unit that requires the urgent payment is responsible for this charge. All urgent payment

request fees will be charged to GL 505-73301-xxxx (the cost centre of the business unit requesting the urgent payment). Urgent payment requests are subject to GST.

FSCU facilitates the urgent payment process with SSSA Accounts Payable. SSSA generally has a cut-off time of 1pm on business days to process an urgent payment. Where you foresee an urgent payment, please contact FSCU as soon as possible to facilitate the payment.

To process an urgent payment, the business unit completes a [Request for Urgent Payment form](#) which must be approved by an officer with the appropriate financial authorisation. The completed and approved form and the relevant invoice must be forwarded to [DCPSSSARRequests@sa.gov.au](mailto:DCPSSSARRequests@sa.gov.au). FSCU will review the form and send to SSSA for processing.

**NOTE:** Inaccurate or incomplete forms, or forms without sufficient supporting documentation will be returned to the requesting officer for correction or to obtain additional information as required. Incomplete forms may result in the timeframes for an urgent payment not being met.

#### 4.1.8 Foreign currency payments

Foreign currency transactions must comply with [TI 23 Management of Foreign Currency Exposures](#).

Where a contract exists, an appropriate authorised officer (per the [Financial Authorisations Register](#) and who is a Basware approver) must approve all contractual arrangements with foreign currency exposure and hedging strategies with foreign currency exposure. If a contract is not entered into and payment is made on an invoice only, then general financial authorisations apply based on the amount being converted to Australian Dollars (AUD).

Foreign currency invoices are **not** flowed through Basware for processing like other invoices. SSSA will organise payment from the information provided on the approved [Request for Foreign Currency Payment form](#). Invoices will be available to view in Basware for information only once paid.

#### 4.1.9 Payment approval form

A payment approval form should be completed for the following accounts payable transactions:

- general purpose claims
- employee reimbursements
- noting missing tax receipts/invoices
- transactions relating to non-contracted child related payments (for example outings and activities, travel, clothing, child care, education).

Please refer to the [Payment Approvals](#) intranet page for further information.

Payment approval forms and appropriate supporting documentation must be forwarded to SSSA for processing in a timely manner. All employee reimbursements and allowance claims must be made in accordance with the relevant policies, procedures and Commissioner Determination 3.2 [Employment Conditions - Remuneration - Allowances and Reimbursements](#).

## 4.2 Receipting, coding and approving a payment

Prior to approving an invoice for payment, the approving officer must ensure that the following is completed in a timely manner:

- goods/services have been received and are verified against the invoice/agreement
- any issues are addressed with the vendor
- the invoice is tax compliant (refer section 4.7) and any relevant supporting documentation is provided

- any child or young person's personal identifying information is removed from the invoice and/or supporting documentation (i.e. black permanent text over the sensitive information)
- the invoice is receipted against the appropriate purchase order (see section 4.2.1), where applicable
- the invoice is coded to the correct general ledger or job cost codes in accordance with DCPs [General ledger and job cost chart of accounts Procedure](#).

Once confirmed, the approving officer should approve invoices for payment in a timely manner and in accordance with the [Financial Authorisations](#). Evidence of such approval should be recorded and retained if performed outside of Basware or EMS.

### 4.2.1 Receipting purchase orders

When goods and services are supplied, they must be receipted in Basware before payment can be made. The receipting task triggers the payment process both in Basware and within the Masterpiece financial systems (the system that makes the payment). Information is available on the [Basware intranet page](#).

Do not complete the receipting process until the goods or services have been physically supplied. Government policy prohibits payment in advance except under special circumstances (refer section 4.6 of this policy).

**Note:** Where an invoice has been flowed in Basware for coding, but a purchase order has been raised, ensure that you follow the steps in the [Basware purchase order related invoice troubleshooting checklist](#).

Further information on receipting against a purchase order (purchase requisition) can be found on the SSSA website- [Creating a Purchase Requisition](#).

Purchase orders reviews and related housekeeping is periodically performed by FSCU.

#### Open purchase orders

Purchase orders remain open in Basware when they have not been fully received and/or matched to an invoice. Whilst most purchases orders are automatically closed in Basware after 180 days, this automatic housekeeping does not occur for orders that are not fully receipted.

It is the responsibility of the purchase order owner to periodically review their open purchase order tasks in Basware to determine what orders are no longer required.

Requests to close or cancel a purchase order by someone other than the person who raised the order should be made to [DCPBasware@sa.gov.au](mailto:DCPBasware@sa.gov.au).

#### Cancelling purchase orders

Purchase order cancellations must be communicated to the supplier by either the Basware user that created the requisition and/or the person requesting the cancellation to ensure goods and/or services are not provided/received.

Purchase orders are cancelled in Basware and the system provides an option of sending an email to the supplier. It is best practice to follow the Basware cancellation email with a phone call to confirm that the order is cancelled to ensure goods are not delivered.

### 4.3 Payment terms

All invoices must be paid in line with TI 11, including utilising any early payment discounts. It is important that officers ensure invoices are processed and approved in a timely manner to allow SSSA to pay the vendor within these timeframes.

TI 11 requires DCP to pay all undisputed invoices within 30 days of the date the tax compliant invoice is received by DCP or SSSA. Note that following a State Government election commitment, this term will officially become 15 days from 1 July 2024. In the interim, business units are strongly encouraged to pay invoices within 15 days.

As per the *Late Payment of Government Debts (interest) Act 2013*, a penalty interest charge may be applied in the event invoices are paid outside the standard 30 day terms (15 days from 1 July 2024). These may be on-charged to the relevant business unit where necessary.

DCP's account payment performance is reported to the Minister and the Department of Treasury and Finance (DTF) in accordance with TI 11 requirements.

### 4.4 Disputed invoices

An invoice may be disputed where the department and/or the vendor disagree on any aspect of the invoice. Disputes need to be resolved with creditors as soon as possible to ensure the timely and correct payment of invoices. Refer to the [Disputing an Invoice Quick Reference Guide](#) for instructions on how to dispute/resolve a disputed invoice.

Invoices may not be categorised as disputed purely to defer processing of the invoice, or to avoid assessment of late payment interest arising from a delay in processing by DCP and/or SSSA staff where no disputes with the supplier is applicable.

**Note:** The 'dispute' function in Basware resets the invoice processing date so that genuinely disputed invoices are not classified as late and avoids the application of penalty interest. The 'on hold' function will lock the invoice for the user and stops it from escalating to their approver. The 'on hold' functionality does not stop the application of penalty interest and it will still need to be paid within the required timeframe.

### 4.5 Credit notes

Where goods have been returned to a vendor, a credit note is required. The vendor prepares the credit note and forwards it to SSSA for processing. The credit note should refer back to the original invoice number.

### 4.6 Payments in advance (pre-payments)

TI 11 provides that payments in advance must not be made for goods that have not been received or for services not yet rendered, unless one of the following is met (refer to [TI 11](#) for an exhaustive list):

- it is in the ordinary course of business to make such payments
- the payment is made via a purchase card or stored value card governed by [TI 12](#) and the payment does not exceed \$2,000 (GST inclusive) and it is in the ordinary course or manner of business to make such payments
- the payment represents a deposit of 10% or less of the total value of goods to be received.

Payments in advance for items such as insurance and leases where the agreement states that payments must be made monthly in advance, motor vehicle registrations, subscriptions, telephone rental, water rates and similar may be considered to be in the ordinary course of business.

## 4.7 Tax compliant invoice

The following information is required by the [Australian Taxation Office \(ATO\)](#) to meet tax compliance requirements:

- the document is intended to be a tax invoice
- the seller's identity
- the seller's Australian business number (ABN)
- the date the invoice was issued
- a brief description of the items sold, including the quantity (if applicable) and the price
- the GST amount (if any) payable – this can be shown separately or, if the GST amount is exactly one-eleventh of the total price, as a statement which says 'Total price includes GST'
- the extent to which each sale on the invoice is a taxable sale (that is, the extent to which each sale includes GST)
- the buyer's ABN (for invoices \$1,000 or more).

Refer to the [ATO site](#) for more information. SSSA will check and scan invoices received into [Basware](#) for processing.

## 4.8 Goods and Services Tax (GST)

All officers performing accounts payable functions on behalf of DCP must ensure compliance with the [A New Tax System \(Goods and Services Tax\) Regulations 2019](#).

When coding payments (for example via Basware or EMS) the GST exclusive amount is entered along with at least one of the following tax codes:

- T10 (tax 10%) - to be used when GST is included in the purchase
- TNA (tax not applicable)
- TFR (tax free).

When coding a payment where only a portion of the amount has GST, an additional line will need to be created to split the coding.

For further information on GST, please refer to the [Goods and Services Tax \(GST\)](#) intranet page.

## 4.9 Vendor maintenance

### 4.9.1 Creating new vendors and modifying vendor details

When a new vendor supplies goods or services to DCP, the vendor needs to be added to the invoice processing system.

Where an existing vendor's details change, the system must be updated to reflect these changes.

To create or modify a vendor, a [Vendor Creation or Amendment form](#) is to be completed. Refer to the SSSA website [Create or Amend Vendor/Payee details](#).

### 4.9.2 Changes to vendor master file

Where changes to the vendor master file are made, SSSA reviews and updates the information and where discrepancies are noted, investigates with the requesting office. SSSA also perform additional vendor reviews and purging per the Accounts Payable Service Design and Operating Level Responsibilities with DCP.

## 4.10 Department initiatives

TI 17 requires public sector initiatives to be appropriately justified and approved. A public sector initiative may be:

- a. A new plan, project or program proposed by the department to achieve a particular outcome
- b. Substantial change in an existing plan, project or program being undertaken.

When identifying a possible initiative, appropriate approvals are required in accordance with TI 17 before incurring certain costs. When approving an invoice for payment, the approving officer must ensure TI 17 requirements are adhered to and where unsure to contact FSCU.

## 5. Compliance, monitoring and evaluation

As part of the Policy Governance Framework, this policy will be reviewed and updated by Finance and Corporate Services in accordance with the review date shown at 'Document Control'.

## 6. Related documents

Related documents, forms and templates
<a href="#">Basware Support Materials</a>
<a href="#">Chart of Accounts</a>
<a href="#">Create or Amend Vendor/Payee details</a>
<a href="#">Financial Authorisations Procedure</a>
<a href="#">Financial Authorisations Register</a>
<a href="#">Procurement Governance Policy</a>
<a href="#">Purchase Cards</a>
<a href="#">Request for Foreign Currency Payment form</a>
<a href="#">Urgent Payment Requests</a>
<a href="#">Vendor Creation or Amendment form</a>

## Document control

Reference No./ File No.			
Document Owner	Lead Writer (name, position)		
Directorate/Unit: Finance and Corporate Services/Financial Systems and Compliance Unit	Team Leader, Financial Operations Manager, Financial Systems and Compliance		
Accountable Director: Chief Financial Officer			
Commencement date	6 March 2023	Review date	6 May 2025
.Risk rating <a href="#">Risk Assessment Matrix</a>	Consequence Rating	Likelihood	Risk Rating
	Moderate	Unlikely	Moderate

REVISION RECORD		
Approval Date	Version	Revision description
6 May 2022	1	Creation of Accounts payable Policy



REVISION RECORD		
Approval Date	Version	Revision description
3 March 2023	1.1	Addition of information relating to changes of invoice payment timeframes from 30 days to 15 days from 1 July 2024.