

Finance and Accounting Manual

Accounts Payable Payment Procedures

Approved by the Chief Financial Officer on 10 December 2010

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Administrative amendments 12 May 2015

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Administrative amendments; 29 May 2017

1. Overview

1.1 Purpose

The purpose of this document is to outline the procedures relating to processing of invoices and payment requests through the Accounts Payable system.

1.2 Coverage

This procedure applies to all University staff who facilitate part, or all, aspects of the payment cycle on behalf of the University.

This procedure does not apply to payments made through the payroll system or Freedom (for Corporate Card and Travel payments).

2. Procedures and Guidelines

2.1 Payment of Tax Invoice

- (i) An invoice must be approved and certified before payment can be made.
- (ii) Invoices are to be paid within 30 days of acceptance of the invoice by Accounts Payable Team.
- (iii) The green stamp for “Approval/Certification of Payments” can be applied directly to the invoice and completed with the required information.
- (iv) The certifying officer must check before signing the certification to ensure that:
 - (a) It is a tax invoice as distinct from a delivery docket or a monthly statement. In accordance with GST legislation, documents (including invoices and subscription or renewal notices) must include the following details:
 - Tax invoices that are less than \$1,000 (excluding GST) must contain the following information:
 - The words “tax invoice” stated prominently
 - The name of the supplier
 - The ABN of the supplier
 - The date of issue of the tax invoice

- A brief description of each good or service supplied, including the quantity of the goods or the extent of the services supplied
 - Clearly identify each taxable supply (i.e., GST is applicable on the supply)
 - The total amount of the GST payable
 - The total amount payable.
- Tax invoices that total \$1,000 or more (excluding GST) must contain all the above and in addition:
- The name of the recipient – The University of Sydney
 - The address or ABN of the recipient - The University of Sydney
- (b) The invoice is linked to a University purchase order. The purchase order number must be clearly visible on the invoice.
- (c) The goods specified on the invoice have all been received in the required condition, quality and quantity.
- (d) The services specified on the invoice have been satisfactorily performed.
- (e) The account code(s) are valid and amounts are written on the invoice exclusive of GST.
- (v) The certified invoice and any supporting documents must be sighted and the expenditure approved by a Delegated Officer in accordance with the [University of Sydney \(Delegations of Authority – Administrative Functions\) Rule 2016](#).

Payment documents do not require a delegate’s further approval, providing supporting documentation is attached to the payment document which has the appropriate delegate’s approval, or an official purchase order number is quoted.

- (vi) After the invoice has been certified and approved, the department/unit will forward the invoice and supporting attachments to the relevant Accounts Payable Team for processing into PeopleSoft.
- (vii) **Payment of Invoice when there is no ABN**
 As a result of the GST legislation most local suppliers will include an ABN (Australian Business Number) on their invoices. Invoices received from local suppliers, employees, students and Non-Resident suppliers for more than \$82.50 (GST inclusive) that do not display an ABN must have 49% withholding tax deducted from the payment unless the supplier has provided a [Statement by a Supplier](#) that they meet certain ATO exemption criteria. It is the responsibility of the Accounts Payable Team to ensure that withholding tax is deducted from the payment to the supplier, if applicable, in PeopleSoft.

Payments to foreign (overseas) suppliers, reimbursement of expenses with documentary evidence, or refunds are exempt from the deduction of 46.5% withholding tax and are not required to complete a Statement by a Supplier form.

Payments to employees and students for prizes, scholarships, reimbursements or refund of fees paid, are exempt from withholding tax. Therefore, a [Statement by a Supplier](#) form does not have to be provided, nor will there be a deduction of 49% from the value to be paid.

For all other suppliers (i.e. Local and Non-Resident) a [Statement by a Supplier](#) must be provided to avoid the deduction of withholding tax, if an ABN number is not quoted.

See Appendix A in [Tax – GST Guide](#) for a flowchart.

(viii) **University of Sydney invoices**

Internal trading between University of Sydney departments/units (including Foundations, Faculty of Health Sciences, Cumberland) may exist. However, no charges should occur between Operational (Core to Core) business units (excluding Self-funded business Units).

Cost recovery activity may exist between Operational business units and commercial and Self-funded business units within the University. These activities must be facilitated by journal transfer and utilise internal income and expenditure classifications in accordance with [Rules Applying to Specific Classifications](#).

Exceptions to this rule include the United States Studies Centre, Sydney Talent Pty Ltd, Warren Centre for Advanced Engineering Ltd, Sydney Learning Pty Ltd and other entities trading as a subsidiary of the University of Sydney.

2.2 Payment Request

- (i) For non-invoice related payments (e.g., prizes, scholarships) a [Payment Request](#) form is to be used and supporting documentation must be attached.
- (ii) A Payment Request should be paid within 30 days of receipt by the Accounts Payable team of the approved form.
- (iii) Note, for payments of \$25 or less to staff or students a Petty Cash Claim can be made instead of a Payment Request. All other payments to employees should be claimed through Fraedom (refer to [Petty Cash Procedures](#) and [Corporate Card Procedures](#)).
- (iv) The Department/Unit or claimant (person who incurred the expenditure) will complete the Payment Request Form. In completing the form, particular attention should be paid to the following:
 - (a) sufficient detail is provided on the Payment Request Form as to the reason for the payment and the period that it covers
 - (b) all reimbursements of expenses must be substantiated by original receipts (photocopies are not acceptable)
 - (c) where necessary the Fringe Benefits Tax declaration and entertainment expenses declaration have been completed (see [Tax – FBT Guide](#) for guidance)
 - (d) the correct account code is used for each item
 - (e) a [Statement by Supplier](#) form is attached for vendors with no ABN that do not want 49% Withholding Tax deducted (see section 2.2 (x) below).
- (v) The completed Payment Request form must be certified by an officer as to:
 - (a) satisfactory performance of the service or provision of the goods
 - (b) sufficient information and supporting documentation is attached
 - (c) the correct account codes and amounts are written on the form.
- (vi) After the certifying officer has signed the Payment Request form, the form and any supporting documents is given to a Delegated Officer to approve the

expenditure under the [University of Sydney \(Delegations of Authority – Administrative Functions\) Rule 2016](#).

- (vii) **Payment documents do not require a delegate’s further approval, providing supporting documentation is attached to the payment documents which have the appropriate delegate’s approval, or an official purchase order number is quoted.**
- (viii) After the Payment Request form has been certified and approved the department/unit will forward the Payment Request and supporting attachments to the relevant Accounts Payable Team for processing into PeopleSoft Finance System.
- (ix) The Accounts Payable Team will check the Payment Request and process the payment if it is in order. The Accounts Payable Team will contact the claimant or return the documentation if additional information is required.
- (x) **Payment Request with no ABN**
Payment Requests received from local suppliers, students and Non-Resident suppliers for more than \$82.50 (GST Inclusive) that do not display an ABN must have 49% withholding tax deducted from the payment unless the supplier has provided a [Statement by a Supplier](#) that they meet certain ATO exemption criteria. It is the responsibility of the Accounts Payable Team to ensure that withholding tax is deducted from the payment to the supplier, if applicable, in PeopleSoft.

Withholding tax implications affecting payments to all supplier types including foreign (overseas) suppliers, students and local suppliers are explained by the flowchart represented in Appendix A: Payments – Withholding Tax Flowchart in the [Tax – GST Guide](#).

2.3 GST

GST is accounted for when the payment voucher is entered and posted to the general ledger. VAT transaction types and VAT codes are predefined within the system; however, the Payment Analyst can amend them at the point of entry. Item ID codes have also been set up for GST codes. Payment vouchers are updated and posted to the general ledger system by an overnight batch process. GST calculation is based on the VAT code entered, and the GST default taxable code is GSTSTD.

It is the responsibility of the Payment Analyst to verify if any GST amount is shown on the invoice and enter the appropriate VAT code. The operator needs to identify if the attached documentary evidence is sufficient to be a tax invoice.

The Accounts Payable system shows the GST amount for a voucher against the responsibility centre. However, an overnight process updates the General Ledger accounts and assigns the GST paid against account 0370 A0001 00000. The expenses debited to the responsibility centres are exclusive of GST.

The following list of VAT transaction types and codes or Item ID Codes should be selected in the appropriate field:

VAT Transaction Types

AC	Capital purchases i.e. items of equipment \$10,000 or over (GST exclusive)
AO	Non-capital purchases

EXCL	Transactions to be excluded from BAS (eg. expense advance, petty cash advance)
NABC	No ABN capital purchases
NABN	No ABN non-capital purchases
ACIT	Capital acquisition input taxed supply
ATO	ATO payment

Item ID Codes	VAT Codes	
OOS	GSTOOS	GST out of scope (for VAT transaction type EXCL)
GST TAX	GSTSTD	GST taxable
GST FR	GSTZER	GST free
INPUT_TAX	INPTAX	Input Tax

Please note that VAT transaction type “IDEF”-imports with deferred GST” should not be used because the University is registered in the deferring of GST payment on imported goods scheme and ATO provides deferred GST on the BAS. The transaction type is replaced by “AO” or “AC”.

2.4 Payments to Suppliers

- (i) Suppliers are divided into six groups:
 - (a) Local Vendors (Australian)
 - (b) Employees
 - (c) Students
 - (d) Petty Cash Recoupment’s
 - (e) Non-resident Vendors (e.g., visiting scholars or students)
 - (f) Foreign Vendors (Overseas)
- (ii) Payment methods for the first five groups of local suppliers are by cheque or EFT (Electronic Funds Transfer); for foreign (overseas) suppliers payment can be made by bank draft (cheque) or Telegraphic Transfer (TT). EFT details must be established for vendors by completing the [Supplier Details Request](#) form and returning it to Accounts Payable.
- (iii) Payments to suppliers are generated by the Disbursement Officer based on the payment due date of vouchers in the PeopleSoft Financial System.
- (iv) Payment runs for all suppliers are scheduled as follows:

Schedule of Pay Cycles	Monday	Tuesday	Wednesday	Thursday	Friday
Overseas (including overseas non-resident vendors)				X	
Local Vendors (including local non-resident vendors)		X			X
Petty Cash		X			X
Employees		X			X
Students		X	X		X

- (v) EFT payments are generally deposited in supplier's bank account within two working days after the University has processed the payment.
 - Day 1 – University processes voucher/claim
 - Day 2 – University processes payment run on scheduled day
 - Day 3 – Bank processes EFT payment (overnight)
 - Day 4 – Payment in bank accounts
- (vi) For cheques to be held (eg, in the event that documentation needs to be attached prior to dispatch or cheque to be collected by supplier) the Accounts Payable Teams must include information in the payment description field when entering the invoice details. The Disbursement Officer runs a query on this field and holds these cheques from normal distribution.
- (vii) If required by Accounts Payable Teams or suppliers, the Disbursement Officer applies bank traces on local and overseas payments to verify that the cheque has been presented. If a cheque has not been presented then the payment can be stopped and re-issued.
- (viii) The Disbursement Officer can do an express cheque for a specific voucher if an urgent payment is required outside the scheduled payment runs specified above. **Urgent requests must be authorised in writing by the Team Leader Payables or Team Leader Procurement**
- (ix) Manual cheques are also available through the Disbursement Officer, only if the payment is urgent.
- (x) A [Cheque Cancellation Notification](#) form must be completed for any cheque cancellations or stop payments and returned to the Disbursement Officer for action.

2.5 Approval of Payment Schedules

Delegations for the approval of payment schedules are included in part 6.8 in the [University of Sydney \(Delegations of Authority – Administrative Functions\) Rule 2016](#).

2.6 Letter of Credit

Sometimes an overseas supplier may require a guarantee of payment through a letter of credit. A letter of credit is issued by a bank guaranteeing payment to the supplier on condition that the specific documents identified in the letter of credit are presented. Letters of credit can be arranged by Financial Control and Treasury.

2.7 Retention of Records

Generally financial records, including supporting documentation, are to be retained for a minimum of 5 years after the financial year audit has been completed.

3. Internal Controls

3.1 Responsibilities/Accountability

<i>Officers</i>	<i>Responsibilities</i>
University Staff	<ul style="list-style-type: none"> • To certify payment for the goods or services.
Accounts Payable Teams	<ul style="list-style-type: none"> • To oversee the accuracy of payments. • To process invoices and Payment Requests in the finance system.
Accounts Payable	<ul style="list-style-type: none"> • To ensure payment of invoices and Payment Requests are made.

3.2 PeopleSoft Purchasing and Accounts Payable Responsibilities/Accountability

<i>Payment Analyst</i>	<i>Report</i>	<i>Frequency</i>
Payment Analyst	<ul style="list-style-type: none"> • SUAPQ193_OPERATOR_DAILY_V • SUAPQ193_OPERATOR_DAILY_ERS 	Daily Daily
Vendor Maintenance Officer	<ul style="list-style-type: none"> • SUAPQ174_VNR_UNSYD_ADD_BANK • SUAPC428- VENDOR AUDIT REPORT 	Daily Monthly
Disbursement Officer	<ul style="list-style-type: none"> • SUAPQ176_PROPOSED_PAYMENT_RPT • SUAPQ174_VENDOR_INVS_PD_AUDIT • SUAPQ186_TOTAL_AUD_PYMNT • SUAPQ248_AP_TRIAL_PAYMENT_REG • SUAPQ259_CXS_CHEQUE_REG_LOCAL • SUAPQ259ACXS_CHEQUE_REG_OSEAS • SUAPQ278_CHQ_COMMENTS • SUAPQ278B_CHQ_COMMENTS • SUAPQ334_CHEQUE_INQUIRY • SUGLC348_PAYTS_NOT_SETTLED • SUAPQ335_STALE_CHEQUES_LIST <p>Overseas Payments Reconciliation</p> <ul style="list-style-type: none"> • SUAPQ400_PAYMENTS_ISSUED 	Pay Cycle Days Weekly Daily Daily Monthly Monthly Daily Daily Weekly Monthly Monthly Monthly
Procurement Officer	<ul style="list-style-type: none"> • APY1090_Match Exception Report • SUAPQ194 – OPEN PREPAYMENTS • SUPOC255_OUTSTANDING_ORDER_BY_DEPT 	Daily Monthly Quarterly
Team Leaders, P2P	<ul style="list-style-type: none"> • Accounts Payable/General Ledger Reconciliation using SUAPV060 • SUAPQ241_OVERDUE_VCHR_NO • SUAPQ173_VDR_NEGATIVE_BALANCES • SUAPQ173_VDR_INVOICES_HOLD • SUAPQ209_VENDORS_ON HOLD • SUAPQ372_DUP_INV_EXCL_CONTRAC <p>Quarterly, Bi-annual and Annual Reporting:</p> <ul style="list-style-type: none"> • SUAPQ269_CONSULTANTS • SUAPQ373_INVS_OVER_YR_END 	Daily Weekly Weekly Weekly Weekly Daily Annual Bi Annual

	<ul style="list-style-type: none"> • SUAPQ187_MAX_TAT_ENTRY 	Quarterly
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Additional details on the reports are shown in Appendix A at the end of these procedures.

4. Related Information

4.1 Resources and weblinks.

(i) Training Materials

(ii) References

- [University of Sydney \(Delegations of Authority – Administrative Functions\) Rule 2016](#)
sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/72&RendNum=0
- [Finance and Accounting Manual](#)
intranet.sydney.edu.au/working/finance-management/finance-accounting-manual/
- [Petty Cash Procedures](#)
sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/38&RendNum=0
- [Corporate Card Procedures](#)
sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/25&RendNum=0
- [Procurement Policy](#)
sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/40&RendNum=0
- [Tax - FBT Guide](#)
https://intranet.sydney.edu.au/content/dam/intranet/documents/working/finance-management/finance-accounting-manual/fbt-guide.pdf
- [Tax – GST Guide](#)
https://intranet.sydney.edu.au/content/dam/intranet/documents/working/finance-management/finance-accounting-manual/gst-guide.pdf
- [Supplier Master Listing Procedures](#)
sydney.edu.au/policies/showdoc.aspx?recnum=PDOC2011/46&RendNum=0

(iii) Forms

- [Cheque Cancellation Notification](#)
intranet.sydney.edu.au/documents/working/finance-management/finance-forms/chequecancel_form.xls
- [Deposit/Receipt – Cashiers Office](#)
intranet.sydney.edu.au/documents/working/finance-management/finance-forms/depositreceipt_cashier.xls
- [Payment Request](#)
intranet.sydney.edu.au/documents/working/finance-management/finance-forms/payment_request.xls
- [Statement by a Supplier](#)
https://www.ato.gov.au/Forms/Statement-by-a-supplier-not-quoting-an-ABN/
- [Substantiation of Expense Advance](#)
intranet.sydney.edu.au/documents/working/finance-management/finance-forms/substantiation_expense_advance.xls
- [Supplier Details Request](#)
intranet.sydney.edu.au/content/dam/intranet/documents/working/finance-management/finance-forms/Supplier%20Details%20Request%20form.pdf

(iv) Appendices

- Appendix A: PeopleSoft Purchasing and Accounts Payable Responsibilities/Accountabilities

4.2 University procedures superseded or replaced by this procedure:

- (i) Finance and Accounting Manual

- Payment Procedures: 30 June 2008

5. Contact and Review

5.1 Contact

Unit: Procure to Pay Manager
Phone: 9036 - 5348
Fax: 9351 - 4202

5.2 Review

The Chief Financial Officer will approve changes to financial procedures and guidelines and will co-ordinate changes to financial policy, with the Vice-Chancellor delegated to approve University financial and infrastructure policy.

Amendments to forms, schedules and weblinks will be processed by Financial Services.

Amendments to the Finance and Accounting Manual procedures and forms are listed on the Financial Services website under:-

- [FAM Amendments](#)
- [Amendments to Forms](#)

Please forward suggestions and comments on the Finance and Accounting Manual via email to finance.enquiries@sydney.edu.

Appendix A

PEOPLESOFT PURCHASING AND ACCOUNTS PAYABLE RESPONSIBILITIES/ACCOUNTABILITIES

1. PeopleSoft Purchasing

1.1 General Queries

OUTSTANDING ORDERS

SUPOQ453_ORDERS_BY_RC_CLASS

The report details Outstanding Orders by Responsibility Centre and is run on request

1.2 Central Purchasing Officer

OUTSTANDING ORDERS

The report on outstanding purchase orders is to be run quarterly for the end of March, June, September and December and issued to departments for review and comments back to the Central Purchasing Officer.

2. PeopleSoft Accounts Payable

2.1 General Queries

SUAPQ173_VENDOR_INVS_NOT_PAID

This query shows the invoices entered in accounts payable but not paid for a specific vendor. Enter vendor ID in the prompt.

SUAPQ174_VENDOR_INVS_PAID

This query shows the payments made for a specific vendor. Enter vendor ID in the prompt.

SUAPQ180_CHEQUE_PAYMENT_INQ

This query lists the vouchers paid for a specific payment. Enter vendor ID and payment reference in the prompt.

2.2 Payment Analyst

SUAPQ193_OPERATOR_DAILY_VCHR

This query lists the vouchers entered in Accounts Payable for the day, by operator. It is to be run by each operator daily to confirm from the original documentation that the details entered in Accounts Payable are correct. This report must be signed, dated and retained as evidence of checking.

SUAPQ193_OPERATOR_DAILY_VCHR_ERS

This query lists the Purchase Order vouchers entered in Accounts Payable for the day, by operator. It is to be run by each operator daily to confirm from the original documentation that the details entered in Accounts Payable are correct. This report must be signed, dated and retained as evidence of checking

2.3 Vendor Maintenance Officer

SUAPQ174_VNR_UNSYD_ADD_BANK

This query lists all the EFT details added or amended for the day and checked by an independent staff member.

SUAPC428- VENDOR AUDIT REPORT

This reports details all the Vendors Created in Peoplesoft for the Month which include Name, Address Vendor Type and is used for Audit and Statistical Purposes

2.4 Disbursement Officer, Accounts Payable

SUAPQ176_PROPOSED_PAYMENT_RPT

This query is run prior to each pay cycle in order to review vouchers due for payment. Report is checked for duplicates, credit balances and large amounts which impact cash flow

SUAPQ174_VENDOR_INVS_PD_AUDIT

This query is run weekly and totals all pay cycles run for the week. The total is advised to the Manager ICM and Financial Control and Treasury

SUAPQ186_TOTAL_AUD_PYMNT

This query is run daily and totals of all the pay cycles run for the day. The total is advised to the Manager, Investment Markets, Properties and Investments.

SUAPQ248_AP_TRIAL_PAYMENT_REG

This query is run daily after each local pay cycle and totaled. The total amount in the query is matched to the APY2030 report for each local pay cycle which is generated at the end of the pay run.

SUAPQ259_CXS_CHEQUE_REG_LOCAL

This query lists the local payments that have been cancelled and is run when payment cancellations have been made and at month end.

SUAPQ259ACXS_CHEQUE_REG_OSEAS

This query lists the overseas payments that have been cancelled and is run when payment cancellations have been made and at month end.

SUAPQ278_CHQ_COMMENTS

This query is run daily and lists the payment instructions entered for cheques and EFT payments and is used to hold the cheque or remittance advice from regular distribution, eg, attach documentation, cheque to be collected.

SUAPQ278B_CHQ_COMMENTS

This query is run daily and lists the payment instructions entered for cheques and EFT payments for XML loaded payments and is used to hold the cheque or remittance advice from regular distribution, e.g., attach documentation, cheque to be collected.

SUAPQ334_CHEQUE_INQUIRY

This query lists the status of specific payments, eg, presented, and is run monthly.

SUGLC348_PAYTS_NOT_SETTLED

This report is run monthly and identifies unrepresented cheques.

SUAPQ335_STALE_CHEQUES_LIST

This report details stale cheques transferred to unclaimed monies and sent to Financial Control and Treasury monthly.

SUAPQ400_PAYMENTS_ISSUED_OS

This query lists the overseas payments issued and is used in the overseas payments monthly reconciliation.

2.5 Procurement Officer

SUAPQ194_OPEN_PREPAYMENTS

This query lists open prepayments to Vendors and is reviewed monthly and reconciled to the General Ledger

2.6 Team Leader, P2P

SUAPQ241_OVERDUE_VCHR_NOT_PAID

This query lists vouchers not paid by a selected scheduled date. The prompts are two dates: entered before and scheduled date less than in the format DDMMYYYY.

This query should be run weekly by the Supervisor, Accounts Payable/Purchasing to check and clear any entries.

SUAPQ173_VDR_NEGATIVE_BALANCES

This query details Vendors that have a negative balance and is run weekly. This enables Central Accounts Payable to follow up and recover monies owed to the University of Sydney

SUAPQ173_VDR_INVOICES_HOLD

This query lists all Vouchers on Hold and therefore not paid and is run weekly. The majority of these Invoices relate to EFT rejects. The disbursement officer will contact the department and request updated banking details

SUAPQ209_VENDORS_ON_HOLD

This report is run weekly and identifies Vendors on Hold. These are Vendors whereby payment is withheld due to non payment of invoices payable to the University of Sydney

SUAPQ372_DUP_INV_EXCL_CONTRAC

This report is run daily and identifies invoices duplicated. The duplicate is checked and either a credit is processed or a refund is requested

SUAPQ269_CONSULTANTS

This query lists vouchers entered in Accounts Payable for a specified account classification between specified dates. Managers should run this report monthly for consultants and contractors paid through Accounts Payable to check that only valid Independent Contractors are being paid, as Employees must be paid through payroll.

2.6 Accounts Payable Creditors Control Account Reconciliation

SUAPV060 nVision report “Accounts Payable/General Ledger Reconciliation”

This report is run daily by Financial Systems and shows variances between Accounts Payable and General Ledger balances. Variances are to be investigated daily.

Go → PeopleTools → nVision → Open Directory → select PSNT → Audit → AP

2.7 Quarterly, Bi-annual and Annual Reporting

SUAPQ269_CONSULTANTS

This query lists the consultants paid by the year and is used for annual reporting.

SUAPQ373_INVS_OVER_YR_END

This query lists the vouchers entered in Accounts Payable that have an invoice date of 31 December or prior. It is used to accrue expenditure in the annual financial statements.

SUAPQ187_MAX_TAT_ENTRY

This query is used to measure Creditors Performance. It is based on processing date, Invoice Date and payment date and calculates the performance of payments across the University of Sydney.