

ACCOUNTS PAYABLE POLICY FOR BODY CORPORATE EXPENDITURE

The accounting process for payment of Body Corporate accounts is managed by our Client Financials section.

The purpose of this policy is to check that –

1. There are appropriate checks and balances in the payment of accounts
2. The body corporate financial statements contain an accurate coding of expenditure
3. All body corporate accounts are paid in a prompt manner, and
4. The body corporate complies with all its statutory responsibilities.

1. PAYMENT PROCEDURE – BODY CORPORATE EXPENDITURE –

Applicable Where Schemes Do Not Use the On-Line Invoice Hub Payment Approval Process

a. Approving the Invoice

The building manager (BM) should have a “Payment Approval” stamp for use on all invoices received which are to be paid by the body corporate. This stamp should have the body corporate name, CTS number, space for general ledger account code, building manager’s signature and committee member signature and an area to identify if the item is to be paid from the administration fund or sinking fund and also whether it is to be included on the Asset Register.

Please see the example of a Payment Approval stamp below. All areas of the stamp should be completed when authorising a valid tax invoice.

- b. Contractors engaged to perform work at the complex should be advised that all invoices are to be sent to the building manager at the building where the work was carried out for approval prior to payment being made to enable the BM to confirm that all goods have been received as ordered, or the work has been satisfactorily completed (whichever is applicable). The committee member should also sign to confirm that the expenditure is in accordance with the committee’s instructions.
- c. The building manager needs to ensure that the supplier’s invoice is compliant with GST and other statutory issues and that the invoice is clearly addressed to the “Body Corporate.....CTS.....”

A Brief extract from an ATO Fact Sheet is contained in item 8 below relating to a valid tax invoice.

- d. It is very important that the invoice is clearly **addressed to the body corporate and not the building manager or the hotel apartment name or SSKB**. The building manager is to have the supplier amend/ correct the invoice details, and re-issue if the invoice is incorrectly addressed, to ensure that the body corporate complies with the statutory requirements for GST. SSKB accounts department cannot process incorrectly addressed invoices. Time spent by the accounts department ensuring invoices are compliant with relevant legislation will result in a charge from SSKB to the body corporate.
- e. Where work is performed for the body corporate and the cost of such work needs to be split over more than one entity (i.e. a principle and subsidiary), then either –
 - i. The supplier is to issue distinct and correctly addressed invoices to each entity or;
 - ii. One invoice is made out to one entity.

The attached **Form (A) “On Charge Form”** is to be completed by the building manager and attached to the invoice. SSKB will then pay the supplier from the nominated entity and on charge the balance of the costs per the attached instruction **Form (A) to the subsidiary or other entity**. This is to ensure that this transaction is compliant with the GST legislation. It is illegal under GST regulations to split invoices across multiple entities. Even if the entity in question is not registered for GST, the bulk of all entities that SSKB deal with are GST registered; therefore this approach is used in all instances.

NOTE: SSKB will levy an on-charge fee for the additional work required in this instance.

f. Processing of the invoice by the manager:

The BM is to –

- ✓ stamp invoices received with the Payment Approval Stamp
- ✓ code the invoice in accordance with the general ledger accounts supplied.
- ✓ forward the invoice to the nominated committee member who is to counter sign the invoice
- ✓ the committee member is to return duly signed invoice to the building manager
- ✓ the building manager is to then forward correctly completed invoices to
The Body Corporate CTS.... at PO Box 8319 GCMC QLD 9726.
- ✓ Invoices should be marked accordingly if they are to form part of the Asset Register or payment is to be made from the Sinking Fund.

2. FORWARDING INVOICES TO SSKB

- a. It is preferred if the attached FORM B “Payment Authority Form” is completed and attached to the invoices approved for payment and forwarded to our office as a “control sheet” with the building manager holding a copy for their own records.
- b. Creditor invoices are to be forwarded to SSKB at the address in point 1(f) above at regular intervals for processing. It is preferred that the invoices are forwarded daily or at the most fortnightly intervals.
- c. Cheques for payment are signed in-house at SSKB. Many payments are now done electronically. A further form, **FORMC “Payment by Electronic Funds Transfer”**, is also available which can be passed to contractors/suppliers to advise them of the availability of Electronic Funds Transfers for payment of their accounts. This form also requests details of their insurance coverage for the Body Corporate records.

3. PAYMENT PROCEDURE FOR BUILDINGS USING THE INVOICE HUB – BODY CORPORATE EXPENDITURE – Building Manager

a. Approving the Invoice

The Building Manager (BM) will receive an email notifying them that there are invoices loaded on the Invoice Hub awaiting their approval. The BM should use their Stratamax login details to view the invoices. The BM is to check the invoice details including the amount and check that the general ledger account code selected is correct. If these details are correct, the M approves the invoice online or if there are changes to be made the BM should query the invoice online.

- b. Contractors engaged to perform work at the complex should be advised that all invoices are to be made out to ‘Body Corporate for CTS’ and posted to PO Box 8319, GCMC QLD 9726. If the work performed requires an on charge, the invoice should be sent to the Building Manager in the first instance to complete a Form A as per section c.(ii) below.
- c. Where work is performed for the body corporate and the cost of such work needs to be split over more than one entity (i.e. a principle and subsidiary), then either –
 - (i) The supplier is to issue distinct and correctly addressed invoices to each entity or ;
 - (ii) One invoice is made out to one entity.

The attached **Form (A) “On Charge Form”** is to be completed by the BM and attached to the invoice. SSKB will then pay the supplier from the nominated entity and on charge the balance of the costs per the attached instruction **Form (A) to the subsidiary or other entity**. This is to ensure that this transaction is compliant with the GST legislation. It is illegal under GST regulations to split invoices across multiple entities. Even if the entity in question is not registered for GST, the bulk of all entities that SSKB deal with are GST registered; therefore this approach is used in all instances.

Note, SSKB will levy an on-charge fee for the additional work required in this instance.

4. PAYMENT PROCEDURES – BODY CORPORATE EXPENDITURE – No On Site Manager

The same procedure as above applies. If there is no BM, it is preferred that a Committee member accepts the responsibility of invoice and on charge approval. However if the CM is to be substituted for the BM in regard to signing procedures, a committee resolution must be passed indemnifying SSKB of any financial liability and loss.

5. PROCEDURES FOR BODY CORPORATE EXPENSE REIMBURSEMENTS

Petty cash expenses should only be used for small items where no account has been set up with a creditor and/or payment is required at time of purchase.

- a. **FORM D “Petty Cash Reimbursement”** is to be used when a claim is to be made to the body corporate for reimbursement of these expenses. Please ensure that you fill in the total on the form and sign it. The Chairman or the Committee must authorise the form or claim prior to the claim being forwarded for payment.
- b. Original receipts showing proof of payment must be attached at all times showing amount paid, date and a brief description of the item. If ever in doubt over any expenditure, we suggest you have the chairman or the committee authorise it prior to forwarding for payment.
- c. Items such as the postage cost of sending the invoices to SSKB and other incidentals are to be processed in this manner.

6. PROCEDURES FOR BODY CORPORATE EXPENSE REIMBURSEMENT FOR WORK DONE BY BUILDING MANAGER

- a. Where the building manager is authorised by the Body Corporate to perform duties such as maintenance for the Body Corporate and is to be reimbursed, the building manager is to generate a tax compliant invoice to the Body Corporate, addressed per point 1(c) above.
- b. The building manager is not to approve this payment, but to have the authorised committee member and another committee member approve the expenditure.
- c. This invoice is to be processed as per points 1 (d) through to 1 (f).

7. PAYMENT AUTHORITIES

Due to the nature of the accounting system that is used by most strata title management companies where bodies corporate want a payment authority issued over and above the process as outlined in point 1-3 above, additional charges for time spent will be incurred and processed by SSKB.

8. PAYMENTS RECEIVED BY THE BUILDING MANAGER

Where funds are received by the Building Manager for such items as key cards, fobs or security deposits, contact should be made with SSKB Client Financials to discuss a suitable process for documenting and receipting such amounts.

9. SAMPLE OF STAMP TO BE USED BY BUILDING MANAGER

As mentioned above, this is the format of the payment approval stamp to be used by the building manager. If you contact SSKB, we can arrange to have a stamp made up for you.

Insert your body corporate name CTS number here

BLUE SKIES - CTS 30197 Payment approval for Stewart Silver King and Burns		
Admin Exp	Sinking Exp	
(Sinking Fund Exp - add to asset register)	Y / N	
Code to General Ledger	Account Code	Amount to be Paid
Approval Name:		
Signature of Committee Member:		
Date		Committee
Signature Member:	of	
Date		Insurance Claim
Yes / No		
Cheque No	Date Paid	Initials

Tick as appropriate

Building manager's name

May only have one Signature

10. A VALID TAX INVOICE

Extract from an ATO Fact Sheet

A valid tax invoice for taxable sales that total \$1,000 or more must contain :-

- The words tax invoice stated prominently
- The name of the supplier
- The ABN of the supplier
- The name of the recipient
- The date of issue of the tax invoice
- The quantity of the goods or the extent of the services sold
- A brief description of the thing sold, and
- The total price of the sale including GST

Where GST is to be paid is exactly one-eleventh of the total price, show GST separately or provide a statement such as Total Price Includes GST.

Where GST is less than one-eleventh of the total price, show the GST amount and the total amount excluding GST.

11. FORMS

The forms listed in the above notes are available at <http://sskb.com.au/forms.html> in PDF/word/ excel format to download