

15.1 Accounts Payable

Policy Statement

The purpose of the policy is to set government-wide standards for accounts payable management and to create a government-wide framework that can be used to establish procedures for individual departments.

Policy Objective

The objective of the policy is to establish a framework that will lead to procedures that are consistent across all government departments yet flexible in order to deal with a variety of situations in the most efficient and effective manner possible to facilitate prudent cash management practices.

Application

The policy applies to all users of the government's Accounts Payable module of SAP to enter its expenses and record liabilities.

Policy Directives

ROLES AND RESPONSIBILITIES

Each department initiates payment processing for the purchase of its own goods and services by the day-to-day entry of accounts payable invoices. Government Accounting is responsible for printing and mailing disbursements to vendors on the behalf of the Province of Nova Scotia. The Payment of Accounts Section, Government Accounting, provides a central payment of accounts system for government, which makes disbursements of accounts and cheque mail-out processes a central function.

Inquiries relating to the outstanding balances of accounts payable accounts are to be directed to the accounts payable section of the departments involved.

TRANSACTION CODING

The transaction coding process is a key accounts payable function. Expenditures are to be recorded in a consistent manner across departments to ensure that account coding reflects accurately the nature of the transaction, regardless of other issues such as budgetary funding or payee. A data dictionary (see Chapter 6.3) has been

developed to help define how government expenditures should be coded. Also, supplement coding needs to be accurate to facilitate legislated reporting in the Public Accounts.

DISCOUNTS

It is government policy to take and record all vendor discounts available through accounts payable invoicing. Discounts not taken are to be recorded as discounts lost by each department and then cleared to the applicable expense account.

MONTH END PROCEDURES

Departments are responsible for entering the accounts payable invoices on a timely and accurate basis so that expenditures are recorded within the same time frame as they are incurred. Accounts payable invoices that are not processed within the required cut-off dates are to be reviewed for significance and accrual entry, if appropriate, by the applicable financial authority for each department. The intent of this directive is to ensure that the accounts payable function supports the timely and accurate reporting of government liabilities for the expenditure reporting periods, i.e., month-end and year-end.

Government Accounting advises departments of the accounts payable cut-off dates, by way of an annual memorandum. For information purposes, the cut-off date is normally the fifth working day of the following month. Accounts payable cut-off has been separately defined in Chapter 6.2 Month End/Year End Procedures.

VENDOR MASTER FILE

Vendor master file records will be maintained centrally. This reduces database storage requirements as well as duplication of vendor records. All departments will access the central records and will request additional vendor master records to be set up as needed. (See Chapter 15.2 Vendor Master File Policy and Procedures).

SEGREGATION OF DUTIES

For internal control purposes, staff that are responsible for processing accounts receivable must not handle or be responsible for the processing of accounts payable payments.

INTEREST ON VENDOR ACCOUNT

It is government policy not to pay interest to any vendors for overdue account balances.

RECONCILIATION

At least annually, Government Accounting will compare interdepartmental accounts receivable and accounts payable on a government-wide basis. Departments will be notified of any significant differences and will be asked to resolve the differences.

CFMS - ACCOUNTS PAYABLE SYSTEM OVERVIEW

The individual components of the SAP system used to process accounts payable are identified as activities

| | |
|----------|---|
| CCIA0100 | Maintain vendor master file |
| CCIA0200 | Maintain one-time vendors |
| CCIB0100 | Process invoices and cheque requisitions without purchase order |
| CCIB0200 | Process credits |
| CCIB0300 | Process invoices and cheque requisitions with purchase order |
| CCIB0400 | Process progress payments |
| CCIB0500 | Process holdbacks |
| CCIB0600 | Process advances |
| CCIB0700 | Process U.S. funds documents |
| CCIB0800 | Schedule A/P voucher load |
| CCIB0900 | Process one-time vendor documents |
| CCIC0100 | Process purchase order commitments |
| CCIC0200 | Process commitment reliefs |
| CCIC0300 | Process commitment suspense |
| CCIC0400 | Process recurring payments |
| CCIC0500 | Process commitment adjustments |
| CCIC0600 | Produce cheques for recurring payments |
| CCIC0700 | Perform year-end commitment procedures |
| CCIC0800 | Create posting documents from recurring documents |
| CCID0100 | Issue manual cheques |
| CCID0200 | Issue system cheques |
| CCID0300 | Issue foreign drafts |
| CCIE0100 | Reconcile accounts payable control account |
| CCIF0100 | Cancel cheques |
| CCIG0100 | Close A/P |
| CCIG0200 | Archive files |
| CCIG0300 | Issue T4As |
| CCIG0400 | Process AGR-I (A) forms (Dept of Agriculture and Fisheries) |
| CCIG0500 | Generate reports |
| CCIH0100 | Update advances and travel details |
| CCIH0200 | Produce confirmation letters/utilization reports |
| CCIH0300 | Produce reminder notices for temporary advances |
| CCIH0400 | Maintain car allowance information |
| CCIH0500 | Perform file maintenance |
| CCIH0600 | Perform month-end procedure |
| CCII0100 | Administer procurement card system |

Accountability

Government Accounting is responsible for setting the objectives of the policy. Those who use SAP to record accounts payable are required to implement the objectives of the policy document.

Monitoring

Government Accounting will monitor the policy for compliance and changes as required

Enquiries

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