

Our reference
Your reference



555 Collins Street
Melbourne 3000
(GPO Box 4057
Melbourne 3001)
Tel: (03) 616 7777
Fax: (03) 616 8329

SUBJECT: CAPITAL WORKS ACCOUNTS PAYABLE
PROCEDURE

NO: 24/1993 **CIRCULATION:** PUBLIC HOSPITALS,
DENOMINATIONAL HOSPITALS,
COMMUNITY HEALTH CENTRES,
PSYCHIATRIC INSTITUTIONS,
AMBULANCE SERVICES AND
PUBLIC HEALTH SERVICES

DATE: 9/06/93

CONTACT OFFICER: Mr.J. Datson **TELEPHONE:** (03) 616 7046

The attached circular describes the administrative procedures of the Department of Health and Community Services concerning accounts payable procedures of projects on the Capital Works Program.

A handwritten signature in cursive script, appearing to read 'Alan Clayton', is located below the explanatory paragraph.

Alan Clayton
Director Resources Division

**HEALTH AND COMMUNITY SERVICES
CAPITAL WORKS
ACCOUNTS PAYABLE PROCEDURES**

1.0 Definition & Scope of Application

- (i) A Contract is a formal agreement which exists between two parties and must be used for all construction/maintenance works and purchase of equipment where the cost is estimated to exceed \$50,000.
- (ii) Most Contracts are let directly by Health Agencies themselves although the Department of Planning and Housing and the Department of Property and Services also enter into Contracts on behalf of H&CS.

All State funds paid out on these Contracts comes from the H&CS Works and Services Appropriation.

For those projects undertaken by DPH and DPS on behalf of the H&CS, the Accounts Payable function is carried out by them as part of a projects management role.

2.0 Legislative & Regulatory Framework

2.1 Audit Act, Regulations & Treasurer's Determinations and Instructions.

- (i) Application : The Audit Act, Regulations and Treasurer's Determinations & Instructions apply to all accounts to be paid by the Department.
- (ii) Delegation : The Treasury Regulations enable claims to be processed for payment by the following :-
 - * Authorising Officers
 - * Certifying Officers
 - * Paying Officers
- (iii) Only the substantive or Acting Officers of the positions delegated by the Chief Administrator can perform the above Offices.

2.2 Health Act

- (i) Application : Where Agencies are Principals to contracts, management of that Agency must do all things necessary to do each of the following :-
 - (a) Ensure that all money payable to the body it governs is properly collected;
 - (b) Ensure that all money expended by the body it governs is properly expended and properly authorised;
 - (c) Ensure that adequate control is maintained over assets owned by, or in the custody of, the body it governs;
 - (d) Ensure that all liabilities incurred by the body it governs are properly authorised;
 - (e) Ensure efficiency and economy of operations and avoidance of waste and extravagance;
 - (f) Develop and maintain an adequate budgeting and accounting system;
 - (g) Develop and maintain an adequate internal audit system.

2.3 Health Services Act

- (i) Application : Hospital and Charities Fund
There shall be established in the Public Account as part of the Trust Fund an account to be known as the Hospital and Charities Fund.
- (ii) There shall be paid into the Fund :-
 - (a) All money standing to the credit of the Hospitals and Charities Fund under the Hospital and Charities Act 1958 immediately before the commencement of this Act.
 - (b) All money appropriated by Parliament for the purposes of the Fund.
 - (c) All money authorised under this Act, the Racing Act 1958, the Tattersall Consultations Act 1958 or any other Act to be paid into the Fund.
- (iii) There shall be paid out of the Fund :-
 - (a) All liabilities of the Hospital and Charities Fund under the Hospital and Charities Act 1958 that have not been met before the commencement of this section.
 - (b) Amounts determined by the Minister as payable under this Act to or on behalf of an Agency.
 - (c) Any other money authorised under this Act, the Racing Act 1958 or any other Act to be paid out of the Fund.

(iv) Payments out of Fund to Agencies

In making payments or determinations, the Minister must have regard to :-

- (a) The services provided by the Agency and the extent to which the Agency has provided or promoted or will provide or promote Health and Community Services.
- (b) any prescribed matters

and may have regard to such other matters as the Minister thinks fit

3.0 Policy and Contractual Framework

3.1 Government Policy

- (i) Accounting Policy Statement No 2 : This policy statement outlines the Government's policy for Accounts Payable. The policy requires all claims to be paid by a "Due Date" set by contractual terms with suppliers or by 30 days after the end of the month of supply where no other contractual arrangement exists. The policy also sets standards for the processing of claims.
- (ii) Copy Payment Advices : If the original invoice is lost, a facsimile or photocopy may be used to support a payment. A facsimile on receipt must be photocopied and certified in accordance with Treasury Regulations. A Certifying Officer is to endorse that it has not been paid before and that the original cannot be located.

3.2 H&CS Policy

- (i) Funds must be authorised by Capital Management Branch before tenders are sought and a contract is let.
- (ii) The lowest tenderer is not necessarily recommended. Various factors are taken into account like work performance, financial situation, size of the project and the nature of the work.

4.0 Relationships with Other Functions

4.1 Preceding Functions

- (i) The approval for the expenditure on Contracts which are funded from the Capital Works Program is obtained from the following areas within H&CS.
 - (a) Capital Management
 - (b) Regional Offices
 - (c) Office of Psychiatric Services
 - (d) Statewide Services
 - (e) Ambulance Directorate

4.2 Following/Related Functions

- (i) When claims are processed for payment, information and/or responsibility for further action is provided by the following areas within H&CS.

* Finance :-

Allocation & Commitment checking
Cheque production & despatching

5.0 Processing Steps

5.1 Setting Up Records/File Processing

5.1.1 Receive Documents & Set Up Records

On receipt of copies of the following documents, the Capital Works Programmer is to enter the appropriate details on the Capital Management capital works computer system and attach to the relevant file.

- (i) Cost Plan Data
- (ii) Projected Cash Flow Information
- (iii) Contract Details
- (iv) Consultancy Details

5.1.1.1 Payment Certificates/Accounts Files

- (i) Claims for reimbursement and Accounts are to be immediately allocated to the relevant Capital Works Programmer within Capital Management for processing.
- (ii) It is the responsibility of the Capital Works Programmer to maintain an appropriate "Pending File".
- (iii) The following must be attached to the project/payment file by the Capital Works Programmer.
 - * Payment Certificate
 - * Supporting Information

5.1.1.2 Payment Certificates/Claim Forms

- (i) Payment certificates must be stamped with the current date when they are received within Capital Management.
- (ii) Payment Certificates are to be immediately allocated to the appropriate Capital Works Programmer within Capital Management for processing.
- (iii) The Capital Works Programmer is to ensure that :-
 - (a) The Agency and Project are listed on the Capital Works Program with the appropriate status and sufficient Allocation.
 - (b) Additions and calculation are correct
 - (c) Sufficient commitment is available to enable payment to be made
- (iv) Payment Certificates are to be registered when they are authorised by the relevant delegated Officer in Capital Management and forwarded to Finance for payment/reimbursement.

5.1.2 Process Claims

5.1.2.1 Prioritise Claims

- (i) Claims that are overdue or due are to be given priority.
(ACCOUNTING POLICY STATEMENT NO 2)

5.1.2.2 Check Claims

(a) Payment Certificates

The following functions are to be carried out by the Capital Works Programmer :-

- (i) Check Payment Certificate number sequence
- (ii) Check Agency signature on Certificate to ensure it is certified by the appropriate delegate
- (iii) Ensure information on the Payment Certificate relating to previous payments is correct
- (iv) Where the payment to be processed is the final payment, ensure that all claims for variations have been submitted.

(b) Fees & Other Disbursements

The Agency is to provide a summary of consultants' claims and other disbursements and forward to Capital Management where the Capital Works Programmer will:-

- (i) Check the fee basis and ensure that calculations are correct
- (ii) Ensure that disbursements are appropriate.

5.1.2.3 Check Delegations

- (i) The Certifying Officer is to check that all documentation has been authorised by the delegated Officers within their limit.

5.1.2.4 Authorise Payment

- (i) Each Payment Certificate is to be signed by the Authorising Officer delegated by the Permanent Head. The Authorising Officer is certifying that the claim has been checked in accordance with the standards, instructions and procedures of the Treasurer and the Department.

The Payment Certificate is submitted to the relevant delegated Officer within Capital Management who:-

- (a) checks the account details
- (b) authorises the account for payment.

The Capital Works Programmer then :-

- (a) enters the "Payment Authorised" information on the Capital Management Database.
- (b) takes two photocopies of the signed account and submits to Finance for certification and payment. Finance attached one copy to the voucher, the other is stamped "Paid" and returned to Capital Management and the original is also stamped and returned to the Agency.

5.2 Processing and Certification for Payments

5.2.1 Certification of accounts

- (i) It is the responsibility of the Certifying Officer within Finance to ensure that:
 - (a) only valid and properly processed Payment Certificates/accounts checked in accordance with Regulation 26 are paid.
 - (b) there are sufficient funds available to make the payment within each expenditure or budget line.
- (ii) If the claim is rejected, the Certifying Officer must ensure that no cheque is despatched until the claim is correct. The Certifying Officer must immediately notify the Authorising Officer that the account has been rejected. A record should be kept to ensure such claims are followed up.
- (iii) When the Certifying Officer is satisfied that the above has been performed satisfactorily, the account is to be signed.

5.4 Other Matters

5.4.1 Collection of Cheques

- (i) The preferred method of payment is via Electronic Funds Transfer.
- (ii) It is the Department's normal policy not to allow cheques to be collected.
- (ii) In circumstances such as delayed payment due to the Department's employees actions or compassionate reasons, or for payment for service connections and permits, contact the Cash Management Section to discuss the possibility of collecting a cheque.



CAPITAL WORKS PAYMENT CERTIFICATE

Date _____

Certificate No _____ / _____

CLAIMANT/AGENCY ADDRESS to which Cheque is to be posted	ELECTRONIC FUNDS TRANSFER _____ _____ _____ _____ <div style="display: flex; justify-content: space-between;"> BLOCK LETTERS Postcode </div>
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PROJECT DESCRIPTOR _____

	Fees		Construction		Furniture		Other	
	\$	c	\$	c	\$	c	\$	c
Work Completed								
Value Paid to Date								
Amount Now Payable								

Total Amount Payable for Work Completed \$ _____

Less Total Amount Previously Certified \$ _____

Amount Now Payable By This Certificate \$ _____ P.T.O.

I certify that the amount claimed on this Certificate is due and payable under the terms of the contract and that works/goods have been completed/received to the value of that claimed on this Certificate.

Signature of Claimant _____

Position Title _____

HDV USE ONLY

I certify that this account is in accordance with the provisions of Regulation 26 of the Treasury Regulations 1981. AMOUNT \$ _____ CHARGE _____ SIGNED _____ FACILITIES DEVELOPMENT DATE _____	I certify that this account is true and correct and complies with the provisions of the Audit Act 1958 and Regulations thereunder SIGNED _____ CERTIFYING OFFICER DATE _____
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PAYMENT DETAILS

CONTRACTOR/VENDOR	WORK TYPE	AMOUNT	
		\$	C
TOTAL PAYABLE BY THIS CERTIFICATE			

WORK TYPE LEGEND

1 Feasibility Study	3 Construction
2 Fees	4 Furniture/Equipment
5 Other (Please Specify)	

NOTES

- (1) In the case of Health Service Agencies, the following Offices or their equivalent are to certify requests for payment on the Payment Certificate.
 - (i) PUBLIC HOSPITALS - Chief Executive Officer
 - (ii) COMMUNITY HEALTH CENTRES - Manager
 - (iii) AMBULANCE SERVICES - Regional Superintendent
 - (iv) RED CROSS - Director
- (2) Offices other than the above are ineligible to certify accounts for payment unless they are officially acting in the abovementioned positions.
- (3) Incomplete and/or illegible Payment Certificates may result in delays in reimbursement while information is clarified and/or resubmitted by the Agency.
- (4) Where there is insufficient space on the Payment Certificate, an attachment outlining payment details is to be included. No invoices are to be submitted unless specifically requested.
- (5) Original of the Payment Certificate is to be forwarded to Facilities Development with a copy to the Health Department Region.