Treatement of Advances

Introduction

- Advances should be charged against an appropriate advance account and not directly expensed. The acquittal is processed through ESP Accounts Payable using ‘voucher adjustments’. This is required so that the University can claim GST input tax credits incurred by the employee. Business Units are required to acquit and clear advances in their own area. Supporting documentation (including original tax invoices/receipts) is to be attached to the voucher register for filing in Finance and Business Services.

- The accounts to be used for advances are:
  
  Advance - Equipment  1454
  Advance – Other       1457
  Advance – Subject     1458
  Advance – Travel      1460
  Advance – Field and Survey 1465

http://fbs.anu.edu.au/__documents/fbs-docs/coamanual.xls

- Advance payments to employees are not subject to ABN withholding provisions.
Worked Example for an advance to an employee

Scenario:
- You advance an employee $1,000 for travel and other expenses.

The steps to record this on the ESP system are as follows:

1. **Set up a vendor record for the employee**

   **Step 1**  
   Select: Vendors – Vendor Information – Get Employee/Student
   
   ![Get Employee/Student screen](image)
   
   **Expected Results:** The Get Employee/Student page displays.

   **Step 2**  
   Enter the following:
   
   ![Employee or Student Number](image)
   
   **Employee or Student Number:** The employee number for the employee
   
   **Click:** [Get Details]
   
   **Expected Results:** Employee/Student details appear.

   **Step 3**  
   Click: [Save]
   
   **Expected Results:** The vendor record for the employee is saved.
2. Process a voucher for the advance – the advance will not include any GST.

Step 1
Select: Accounts Payable – Vouchers – Add/Update – Regular Entry

Expected Results: The Add a New Voucher window displays

Step 2
Enter or select the following:
- **Business Unit**: Your business unit will default here
- **Voucher ID**: NEXT (accept this default)
- **Vendor ID**: The vendor number for the employee
  Tab out of the field.
- **Invoice Number**: Advance dd/mm/yy
  (i.e. the word ‘Advance’ and the date of the advance)
- **Invoice Date**: Today’s date
- **Gross Invoice Amount**: Amount of the advance

Click:

Expected Results: The Invoice Information page displays
### Step 3

Scroll down and complete the following:

**Description:**

A meaningful description of the purpose of the advance.  

**Chartfield Details**  
Account, Fund, Department, and Project (Optional)

You need to turn off GST. Click on the [Invoice Line VAT](#) hyperlink on the invoice line to display the Voucher Line VAT information and change the VAT Applicability to Taxable and the VAT code to ZER or alternatively just change the VAT Code to ZER.

**OpenItem field:**

Enter the Vendor ID. This will record the advance against that vendor.

Click: ![Save](#) to save

Voucher is now ready for approval.

### Expected Results:

Correct data entry.  
The invoice details are saved and a voucher number is issued.  
Employee gets the advance payment direct to their bank account after the completion of the schedule due date etc. Advance is recorded against Vendor ID and can be viewed using Open Item Enquiries and reconciliations.

### Note:

Supporting Documentation is to be attached to the voucher register & sent to Finance and Business Services for filing as per standard voucher processing.

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3. **When documentation has been returned for acquittal, set up another vendor record for the employee**
<table>
<thead>
<tr>
<th>Step 1</th>
<th>Select: Vendors – Vendor Information – Get Employee/Student</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><img src="get_employee_student.png" alt="Image" /></td>
</tr>
<tr>
<td></td>
<td><strong>Expected Results:</strong> The Get Employee/Student page displays.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 2</th>
<th>Enter the following:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Employee or Student Number:</strong> The employee number for the employee</td>
</tr>
<tr>
<td></td>
<td><strong>Click:</strong> <img src="get_details.png" alt="Get Details" /></td>
</tr>
<tr>
<td></td>
<td><strong>Expected Results:</strong> Employee/Student details appear.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 3</th>
<th>Click: <img src="save.png" alt="Save" /></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Expected Results:</strong> The vendor record for the employee is saved.</td>
</tr>
</tbody>
</table>

The process of modifying an employee vendor for VAT details, is no longer necessary as all employee records are automatically set up for GST.
4. Acquit the advance by processing voucher adjustments to record the receipts; these may include GST. Check which account the advance was paid from and use the same account.  
(This example is based on processing a Tax invoice for $550 showing GST included $50 and a receipt for $400, without GST)

<table>
<thead>
<tr>
<th>Step 1</th>
<th>Select: Accounts Payable – Vouchers – Add/Update – Regular Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected Results:</td>
<td>The Add a New Voucher window displays</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step 2</th>
<th>Enter or select the following:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Unit: Your business unit will default here</td>
<td></td>
</tr>
<tr>
<td>Voucher ID: NEXT (accept this default)</td>
<td></td>
</tr>
<tr>
<td>Vendor: The vendor number for the employee</td>
<td>Tab out of the field.</td>
</tr>
<tr>
<td>Invoice: Acquit Advance</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date: Today’s date</th>
<th>Gross Invoice Amount: Leave this at zero</th>
</tr>
</thead>
<tbody>
<tr>
<td>Click:</td>
<td></td>
</tr>
</tbody>
</table>

| Expected Results: | The Invoice Information page displays |

<table>
<thead>
<tr>
<th>Step 3</th>
<th>Enter or select the following:</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT: Input total of GST contained on receipts</td>
<td>In the example, this is $50.00</td>
</tr>
</tbody>
</table>

Based on the example, enter the following lines:  
**Line 1 – The Tax Invoice for $550 including $50 GST**  
Complete the following:  

<table>
<thead>
<tr>
<th>Amount: The amount to be charged to the expense account</th>
<th>$500.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description: A sufficient description of the expense incurred e.g. Travel Sydney-Canberra</td>
<td></td>
</tr>
<tr>
<td>Account, Fund, Department and Project Fields: the appropriate details</td>
<td></td>
</tr>
</tbody>
</table>

You will need to add another two rows, you can do this by clicking on the plus button on the invoice line.  

This will bring up a prompt. In this example we need two extra lines, change this value to 2 and click OK.
**Line 2 – The receipt for $400 without GST**

Complete the following:

**Amount:** The amount to be charged to the expense account $400.
**Description:** A sufficient description of the expense incurred
**Account, Fund, Department and Project Fields:** The appropriate account

Click [Invoice Line VAT](#) to transfer to the voucher Line VAT Information Panel

**Change VAT code from GST to ZER**

**Line 3 – The total amount being acquitted against the advance**

Complete the following:

**Amount:** The amount being acquitted – minus $950.00
**Description:** Acquit Advance nn/nn/nn
**Account, Fund, Department and Project Fields:** The account originally charged with the advance.
**OpenItem field:** Vendor ID of the person who received the advance.

Click: [Invoice Line VAT](#) to transfer to the voucher Line VAT Information Panel

**Change VAT code from GST to ZER**

**Hint:** When all lines are completed, the ‘Balance’ showing under the voucher Total should be 0.00

**Adjust Payment Handling Code**

Select the [Payments](#) tab
Scroll down and select Payment Handling code of ‘AJ’

This will ensure that the adjustment voucher will not be included on any remittance advice.

Note: Only change this code if the Gross Invoice Amount for the Voucher is 0.00

**Expected Results:** Correct data entry
<table>
<thead>
<tr>
<th>Step 5</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Click:</td>
<td><img src="save_icon.png" alt="Save" /> to save</td>
</tr>
<tr>
<td>Voucher is now ready for Approval.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expected Results:</th>
<th>Correct data entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>The voucher details are saved. The advance outstanding will be reduced by the acquittal amount and when completely acquitted (by voucher adjustments and/or receipts), will no longer appear on Open Item Enquiries and reconciliations.</td>
<td></td>
</tr>
</tbody>
</table>

| Note: | Supporting Documentation is to be attached to the voucher register & sent to Finance and Business Services for filing as per standard voucher processing. |
5. **Enquire on Open Items**

The following enquiry panel can be used to view outstanding advances but does not allow users to amend or reconcile transactions.

Select menu items in the following order:

**General Ledger – Open Items – Review Status Online**

Enter the required search criteria and click **Search**.

The **Open Item Key** is the **Vendor ID**. This should be filled in order to enquire on a particular person’s outstanding advances.
6. **Uncleared Advances Report**

The following report can be run to list all outstanding (unreconciled) advance transactions.

Select menu items in the following order:
General Ledger – Open Items – Uncleared Advances Report

Enter or select an appropriate run control and click OK.

![Screenshot of the Uncleared Advances Report interface](image)

Enter or select the required criteria (Open Item Key is the Vendor ID). Select the desired output option and click **Run** to run the report.

Note: If running as a download only include filename, the path is no longer required.
Click OK.

Once the process has run to success the report/download will be available via Report Manager.

7. **Arrange for the refund to be receipted.**

The unused part of the advance should be receipted against the account originally charged with the advance. In this example this is $50.00. It should be receipted as GST free income. The Vendor ID should be included in the first part of the Description to allow matching against the original advance payment.

8. **Journal entries to advance accounts.**

Sometimes it is necessary to process journal entries to advance accounts to correct miscoded transactions. In those instances, an Open Item Key will appear after the Amount in the Journal Entry lines panel. The Vendor ID should be entered in the Open Item Key to allow matching of the original advance payment and the subsequent acquittal.

9. **Additional payments for advances overspent.**

If approval is given by the Delegate to pay additional amounts spent by the individual over and above the original advance payment, process an additional line in the Voucher for the acquittal for the additional amount. This will mean that the Total field in the Invoice Information page will not be zero, but should be the amount owing to the individual. The additional line should be processed to the relevant expense account, rather than affecting the advance accounts which should already have been cleared by the acquittal lines. In this instance, ‘AJ’ should not be put in the Payment Handling Code (see Step 5 on Page 7) because a remittance advice is required.