

Accruals

1. INTRODUCTION

The purpose of this policy to ensure that expenditure is recorded in the general ledger in the month in which it is incurred, so that monthly financial reports fairly reflect The Employers financial position

2. POLICY

- 2.1 The Accountant should draw up a list of invoices received which relate to the current or prior periods, but which have not been processed to 'creditors' Purchase orders should also be reviewed for goods and services that have been supplied but not yet invoiced and should be added to the list. Once approved the list should be entered into the General Ledger by way of journal entry
- 2.2 Material items of expenditure incurred for the month but not paid will be accrued in the general ledger in that month. Expenditure is deemed to be incurred when the goods have been received or the service has been provided.
- 2.3 An item of expenditure is material for accrual purposes if it is for \$1,000 or more.

3. RESPONSIBILITY

- 3.1 Employees are responsible for ensuring that any expenditure over \$1,000 they have committed to is accrued for monthly.

4. PERFORMANCE MEASUREMENT

- 4.1 The Financial records of the Employer reflect a true and accurate record of monthly financial commitments.
- 4.2 Disciplinary action, up to and including serious misconduct, may be taken if an Employee has been found to have been deliberately negligent or misleading in any actions in regards to this policy.

5. REFERENCES

- 5.1