Accounting Policies and Procedures

HiFlex Physio

Accounting System

HiFlex Physio keeps its books based on an accrual accounting system in a prescribed software like. Xero, MYOB or QuickBooks.

To ensure that the principles of this policy are met, guidelines are detailed in using the accounting software to complete various financial transactions.

General Ledger

- HiFlex Physio shall use the default chart of accounts of the prescribed accounting software for the Health & Fitness line of the business.
- Ledger accounts shall be added, changed or deleted as required from time to time.

Bank Account

To set up a bank account:

1. In the menu option, select Bank Accounts.

2. Click Add Bank Account.

3. Type in your bank's name and select the bank name from the dropdown list.
Follow the instructions on another screen that will pop-up to connect your bank account successfully to the software.

4. In the Account Name field, specify the name for the account. This name will be used when dealing with reports and displays on the dashboard.

5. Select the account type. If this is not shown, click Other.

6. In the Account Number field, enter your account number based on your bank account. This can consist of up to 20 digits.

7. Click Save or Continue to complete the process.

Petty cash account

Petty cash should be set up in a separate bank account in the accounting software and should not be designated in the current asset account. This is to manage any allocated funds for the petty cash of the business.

Having this account ensures that any funds introduced and reconciled are solely for petty cash purposes only.

To set up a petty cash account in the accounting software, you can follow the steps below:

- Look for the Petty Cash option in the add bank account feature in the dashboard.
- Name the account **BF-Petty Cash** to specify data relevant to this when generating reports.
- For the account code, enter a unique set of codes based on the designated type in the Chart of Accounts.
- For the account type, select Other.
- For the account number, indicate a series of zeroes and 'Petty Cash' as the Account Number.

Conversion Procedures

To complete conversions in the accounting software, you will need to secure a copy of your previous accounting system's trial balance until the day before your conversion date. For example, if your conversion date is July, you must use your trial balance dated 30 June.

1. In the dashboard menu, navigate to the advanced settings, then click on Conversion balances.

2. Navigate to all accounts and add a new one. To do this, click on Add new account.

3. Enter the balances based on your previous accounting system's trial balance into the debit and credit fields.
4. Save the sheet.

5. Input unpaid invoices and bills by adding an invoice or bill for 'Pre-conversion sales' and 'Pre-conversion purchases'.

In the accounting software, following the conversion procedures prompts the system to set up the chart of accounts, general ledger and subsidiary accounts.

Preparing a Register of Assets and Depreciation Schedule

HiFlex Physio shall prepare and maintain an asset register as a record of all the fixed assets in the business. Fixed assets are those that the business uses frequently in order to create revenue. Examples of fixed assets include land, buildings, vehicles, equipment, machinery and computers.

Specific requirements need to be taken into account when proceeding with preparing the register and schedule.

Accounting Requirements

Method of depreciation

a. Assets costing less than $1,000.00, excluding tax will be pooled into the low-value pool and depreciated at 18.75% in the first year and 37.5% thereafter using the diminishing value method of depreciation.

b. Assets costing more than $1,000.00 excluding tax must have an asset register card created for the item, grouped into one of the asset groups, and depreciated according to its effective life on the ATO table for the asset.

Assets will be grouped as follows:
a. Office equipment will have an effective life of five (5) years, with a diminishing value depreciation rate of 40%.

b. Motor vehicles will have an effective life of eight (8) years and be depreciated using the straight-line method.

Legislative Requirements

HiFlex Physio shall comply with legislative requirements of:

- AASB 116 - Property, Plant and Equipment.
- Australian Taxation Office - Depreciation and capital expenses and allowances

Organisational Requirements

HiFlex Physio does not take advantage of the small business income tax concessions, and the method of depreciation will be in accordance with the classes of assets shown in the Accounting Requirements.

In the accounting software, you must have the adviser user role to register a fixed asset.

You must manually add fixed assets to the fixed asset register in the accounting software. No corresponding entry is created in the balance sheet, so you need to record this separately or create a fixed asset from a purchase transaction.

The following are the steps to do this:

1. In the dashboard of the accounting software, navigate and click on **Fixed Assets**.

2. Create a new asset.

3. Type in the **Asset Name** based on the nature of the asset and select its type.

4. (Optional) Change the asset number assigned to the asset.

5. (Optional) Complete other required fields as needed.

6. If you want to modify the default settings of the asset type, select the appropriate depreciation method and edit the depreciation fields.

7. Click on more portions to add a cost limit or residual value.

8. (Optional) Add an asset to the pool in the tax value **Depreciation Method.**

9. Save this as draft or click **Register**.

Reconciliation of Assets

To maintain the asset register, at the end of the financial year, the value of assets in the asset register must reconcile with the value of assets in the balance sheet for HiFlex Physio. Any discrepancy should be identified, and any adjustments made, as necessary.

Recording Annual Depreciation

To maintain the asset register, HiFlex Physio shall record depreciation in the accounting software to reduce the book value of fixed assets and calculate tax and pool depreciation, at the end of a financial year.

Run the depreciation in the software by doing the following:

1. In the dashboard, hover on advanced settings, then click Fixed assets.

2. Click Run Depreciation.

3. Select the date you want to run depreciation to.

4. Review the depreciation preview, then save or confirm this if accurate.

Disposal of Assets

To maintain the asset register, when an asset is traded in or sold, quotes must be obtained from at least two dealers. With this, a final decision must be approved by your supervisor. The entry for the disposal of the asset must show:

1. The depreciation is to be calculated on a pro-rata basis up to the date of disposal

2. The sale of the asset including GST.

3. The value of any loss or gain on the disposal of the asset; and

4. The removal of the asset and its associated accumulated depreciation from the balance sheet.

Handling Source Documents

Checking source documents

Source documents shall be checked for accuracy prior to recording them as journal entries.

The following items should be checked for accuracy, in each source document:

- The date of the transaction
- Names of the parties to the transaction
- The description of the transaction
- The monetary value of the transaction
- Taxes, if applicable.
- Discounts, if applicable.
- Calculations, if any.

To check source documents:

1. Carefully examine each required information that is presented in the source document.

2. Perform all calculations to check whether they have been correctly done.

3. Identify errors or missing information.

4. Verify all details from other supporting documents in the paper trail, if available.

Authorisation of source documents

Errors and discrepancies in source documents should be referred to the Accounts manager for resolution. They qualify authorised personnel to refer errors and discrepancies for resolution.

Referral can be made by:

- Email
- Submission to accounts manager

Checking and authorising petty cash claims and vouchers

Petty cash claims should be checked and authorised against their source documents following the procedures for:

- Checking source documents
- Authorisation of source documents.

Recording Journal Entries

HiFlex Physio shall use journal entries to record the financial activity of the business. Journal entries shall be recorded directly into the general ledger of the accounting software.

Legislative and regulatory requirements

The legislative and regulatory requirements and responsibilities for recording journal entries are that HiFlex Physio should comply with the accounting standards for recording journal entries.

Accounting standards for recording journal entries

The legislative and regulatory requirements and responsibilities for recording journal entries are that HiFlex Physio should comply with the accounting standards for recording journal entries.

- AASB 15 - Revenue from Contracts with Customers
- Submission to accounts manager

Input Standards

HiFlex Physio shall ensure that each completed transaction complies with ALL of the following input standards while processing financial transactions:

- Validity: The transaction must be allowed by the organisational policies and procedures.
- Funding: For payment financial transactions, there should be sufficient funding in the Bank account to pay for the transaction.
- Accurate recording:
  - The transaction amount recorded must match the amount in the source document(s);
  - The transaction amount recorded must be free from accounting coding or calculation error.
  - The transaction date recorded must match the date associated with the transaction.

Timeframes

Journal entries should be recorded in the same financial year as the transactions occurred.

Create an invoice for your customer

1. From the dashboard, find the Invoice button.

2. In the To field, enter the name of the customer you will be providing an invoice to. If there is a previously approved or paid invoice for the contact, you can add the last item lines from that invoice to the new one.

3. Complete the remaining invoice details to approve the invoice.

You must fill out the following fields:

- Due date
- Description
- Account
- Tax Rate

4. Drag and drop the item lines to reorder them as needed.

5. Save the invoice, then send this for approval to the relevant personnel.

Add and approve bills for purchases

1.In the relevant dashboard, display the overview of the purchases.

2.Create a new bill entry and complete the needed information.

This can include the customer's name, date and other bill details.

3.Add the items that must be paid for. You can drag and drop the item lines to reorder them.

4.If needed, upload or attach files relevant to the billable items.

5. If the customers will have to pay for the billable expenses, assign the items to them using a designated button. Otherwise, if you are working on a project, you can link the bill to the project.

Should there be items that will be custom billed to specific entities, line these and assign as needed.

6.Save the invoice, then send this for approval to the relevant personnel.

7.If needed, allocate and assign customer credit to the bill once approved.

8.If needed, attach or add notes containing additional information to the associated bill.

Record a payment on a customer invoice

1. In the dashboard, look for the Invoices section.

2. Open the invoice you want to record your payment on.

3. Switch to classic invoicing if the invoice opens in a new window.

4. Complete the required payment fields for settling payments.

5. Add the payment details.

6. If needed, add a note to the invoice for specific conditions, e.g. a customer will settle for partial payments due to an outstanding balance.

Record payment of a bill

When the bill has been settled from the associated bank account, proceed by recording the payment on the bill.

1. In the dashboard, look for the Bills payable section.

2. Open the bill you want to record a payment on.

3. Complete the required payment fields for adding payments.

4. If needed, add an associated note for this transaction.

5. Save to record this in the system.

Record petty cash purchases

Record petty clash claims and vouchers for purchases made with your petty cash fund by integrating previous transactions in your petty cash bank account.

Add a Receive Money Transaction

Add a receive money transaction to record cash you have received from a customer or want to deposit.

This could be for any cash, cheque or electronic deposit in a bank account in the accounting software that does not relate to an invoice, transfer or refund.

In the accounting software:

1. Navigate the dashboard and find the receive money button.

2. Select the bank account you have received money into, then proceed with the next fields.

3. Enter your contact's name. You can select an existing contact or add a new contact.

4. Select the date you received the money.

5. Enter details of your transaction into the receive money transaction fields.

6. Save and record this into the system by clicking Save.

Add a Spend Money Transaction

Add a spend money transaction to a bank account in the accounting software to record a payment that does not relate to a bill, expense claim, or refund.

In the accounting software:

1. Navigate the dashboard and find the spend money button.

2. Select the bank account you have spent money from, then proceed with the next fields.

3. Enter your contact's name. You can select an existing contact or add a new contact.

4. Select the date you spent the money.

5. Enter details of your transaction into the spend money transaction fields.

6. Save and record this into the system by clicking Save.

Manual Journal Entries

General journaling tasks should be appropriately structured in accordance with standard accounting practice and should contain:

1. Appropriate supporting documentation should be available for each journal entry

2. The correct date of the entry

3. The correct account number provided

4. The correct name of the general ledger account

5. Amounts allocated to the correct debit or credit column

6. A brief memo that describes the transaction

In the accounting software, you must have the adviser or standard and ALL the reports user role to add and post manual journals.

In the accounting software:

1. In the dashboard, navigate on the Reports section.

2. Find the Journal Reports under this.

3. Add new journal entry, and complete the associated fields based on this.

4. Save this as draft or into another entry to record this without placing this into the general ledger rundown. Otherwise, post this directly or into another entry to reflect this into the ledger.

Authorisation of journals

Cash Journals should be authorised by the Accounts manager. They qualify as an authorised personnel to authorise cash journals.

Recording Inventory Items

Before you start, you need the adviser or standard user role to add inventory items from the Inventory section. All users can add an inventory item when creating a transaction.

In the accounting software:

1. In the dashboard, navigate on the Products and Services section.

2. Create a new item and complete its associated details. This includes its code and name.

3. To track the item, tick the track item checkbox. You must then manage the tracked inventory and their associate costs as required.

4. If the item must be used in purchase transactions, select the Purchase button. Complete the required fields with the values to complete the purchase process.

5. If the item must be used in sales transactions, select the Sell button. Complete the required fields with the values to complete the sales process.

6. Save the inventory.

Reconciling Bank Accounts

All bank accounts shall be reconciled monthly to confirm that all the transactions in the bank accounts are recorded in HiFlex Physio's accounting records.

In the accounting software:

1. Make sure you have entered all the transactions within the required reconciliation period. These might include invoices, bills, credit notes, expense claims, or cash transactions.

2. Check the opening balance of the bank account is correct and the statement balance in the system matches the balance in your actual bank account.

3. Manually import the bank statement lines.

4. If an existing transaction has already been created that relates to the statement line, the bank reconciliation process is simply matching the two.

5. Where a transaction does not already exist that relates to the statement line, create the transaction during the bank reconciliation process.

Reconciling the petty cash account

The petty cash account is treated as a bank account in the accounting software. Reconcile the transactions in your petty cash account using the relevant function or button. You can reconcile each transaction as you record it or reconcile all transactions at a later date. This will balance the petty cash records.

Identifying errors and discrepancies

Manually:
1. Tick off accurate transactions that appear in both, the cash journals and the bank statement. These are considered to have been reconciled.

2. Note inaccurate transactions that appear in both, the cash journals and the bank statement. These are errors and should be investigated.

3. Note transactions that appear in the cash journal but not in the bank statement, and vice versa. These are discrepancies and should be investigated.

Note: Sometimes there can be valid reasons for such transactions because there is a time delay between transactions being recorded in the cash journals and reflecting in the bank statements. There can also be some bank-initiated transactions such as account fees and interest charges that have not yet been recorded in the cash journals.

Referring errors and discrepancies for resolution

Errors and discrepancies found during bank reconciliation should be referred to the Accounts manager for resolution. An assessor qualifies as an authorised person to refer errors and discrepancies for resolution.

Referral can be made by:

- Email
- Submission to assessor

Reconciling Accounts Payable and Accounts Receivable

Accounts Payable and Accounts Receivable subsidiary ledgers should be reconciled with the general ledger, periodically.

In the accounting software:

1. Compare the total credit and debit values in the accounts payables report and the relevant values of payables in the general ledge. These must match and align.

2. Compare the total credit and debit values in the accounts receivables report and the values on receivables in the general ledger. These must match and align.

3. Investigate and correct any discrepancies.

Recording Adjusting Entries

Prepaid Expenses and Accrued Revenue

To follow up journal entries on prepayments and accrued revenue, you must record year-end adjustment entries.

To record year-end adjustment entries for prepaid expenses and accrued revenue, follow these two steps:

1. Calculate the expense or revenue attributable to the current financial year.

2. Post an adjusting entry for prepayments that credits the prepayment (Asset) account and debits the expense account, with the calculated amount attributable to the current financial year.

3. Post an adjustment entry that credits the sales (Income) account and debits the accrued revenue (Asset) account, with the calculated amount attributable to the current financial year

In the accounting software, post a manual journal entry following the procedure outlined in Manual Journal Entries in the previous section.

Provision For Doubtful Debts

At the end of the financial year, at the discretion of HiFlex Physio director, any accounts owing over 90 days must be recognised as uncollectibles.

For example, when a customer is showing an inability to pay their invoice, this shall be treated as a bad debt expense and a provision created for the doubtful debt.

Adjusting Entry for Doubtful Debts

JOURNAL			
Date	Account	Debit	Credit
dd/mm/yyyy	Bad Debt Expenses	xxx.xx	
	Provision for Doubtful Debts		xxx.xx
Description	Bad Debt Expenses	xxx.xx	xxx.xx

Writing-off Bad Debts

The doubtful debt shall be written off at the end of the financial year in which it was recognised as a doubtful debt.

Adjusting Entry for Bad Debts

The provision created for the doubtful debt shall be removed and the account receivable reduced.

JOURNAL			
Date	Account	Debit	Credit
dd/mm/yyyy	Provision for Doubtful Debts	xxx.xx	
	Accounts Receivable		xxx.xx
Description	To write off customer account	xxx.xx	xxx.xx

Bad Debts Recovered

When you recover the bad debt, for example, the customer pays the outstanding debt, you must reverse the original write-off and record the receipt of the settled payment. This must include details such as the settled date.

You must:

1. Check that the full debt was originally written off to the bad debts account.

2. Reverse the original write-off by debiting accounts receivable and crediting the bad debt expenses account with the amount received.

3. Record the receipt of payment by debiting the bank account and crediting the accounts receivable.

Journal Entry for Bad Debts Recovered

JOURNAL			
Date	Account	Debit	Credit
31/7/(20YY+1)	Accounts Receivable	xxx.xx	
	Bad Debt Expenses		xxx.xx
	Bank	xxx.xx	
	Accounts Receivable		xxx.xx
Description	To record recovery of customer account	xxx.xx	xxx.xx

Inventory

Inventory shall be written down when goods are lost or stolen, or their value declines.

To adjust for a write down of inventory, for example, a loss of inventory items on stocktake, the inventory asset shall be reduced by the loss in value and charged to an expense account.

Adjusting Entry for Writing Down Inventory

JOURNAL			
Date	Account	Debit	Credit
dd/mm/yyyy	Cost of Goods Sold	xxx.xx	
	Inventory		xxx.xx
Description	To record inventory write down at stocktake	xxx.xx	xxx.xx

Business Owner's Drawings

Cash withdrawn from the business for personal use by owners is treated as drawings.

To record drawings, you will debit the owner's drawings account (reduce the business's liability to the owner) and credit the business's bank account (reduce the business's cash assets).

Journal Entry for Business Owner's Drawings

JOURNAL			
Date	Account	Debit	Credit
dd/mm/yyyy	Owner's Drawings	xxx.xx	
	Bank		xxx.xx
Description	To record business owner's drawings	xxx.xx	xxx.xx

Discounts received

A discount received on the business's purchases is treated as a gain for the business. It is shown as a credit to the purchases discounts received account (it increases the income) and a debit to the accounts payable (it reduces the business's liability to the supplier).

JOURNAL			
Date	Account	Debit	Credit
18/07/20YY	Bank		xxx.xx
	Purchases Discounts Received		xxx.xx
	GST		xxx.xx
	Accounts Payable	xxx.xx	
Description	5% early payment discount on supplier bill#	xxx.xx	xxx.xx

Discounts allowed

A discount allowed on the business's sales is treated as an expense of the business. It is shown as a debit to the sales discounts allowed account (it increases the expenses) and a credit to the accounts receivable (it reduces the business's receivables assets).

JOURNAL			
Date	Account	Debit	Credit
20/07/20YY	Bank	xxx.xx	
	Purchases Discounts Received	xxx.xx	
	GST	xxx.xx	
	Accounts Payable		xxx.xx
Description	5% early payment discount on supplier bill#	xxx.xx	xxx.xx

Recording Closing Entries

HiFlex Physio shall record closing entries that zeroise the temporary accounts in the income statement and transfer the balances to the permanent retained earnings account, by using an income summary account.

1 .Close Revenue Accounts - Clear the balance of the revenue account by debiting revenue and crediting income summary.

2. Close Expense Accounts - Clear the balance of the expense accounts by debiting income summary and crediting the corresponding expenses.

3. Close Income Summary - Close the income summary account by debiting income summary and crediting retained earnings.

Financial Reports

The following financial reports should be produced at financial year-end:

a. A trial balance

b. A profit and loss statement

c. A balance sheet.

They may also be prepared on an interim basis when required.

Preparing the Profit and Loss Statement and Balance Sheet

In the accounting software:

1. In the dashboard, navigate on accounting reports.

2. Create new sheets on profit and loss and balance sheet.

3. Set the date range for the sheet.

4. Save this or run the data as needed in the software.

Preparing Accounts Payable and Accounts Receivable Schedules

Prepare the Accounts Payable and Accounts Receivable schedule by generating the Accounts Transaction report with these two accounts selected.

In the accounting software, this report represents the accounts payable and receivable schedules.

1. In the dashboard, navigate on the Accounting Reports.

2. Find and open the Account Transactions report using the search field.

3. In the Search bar, enter or select the individual accounts you want to appear on the report to be generated.

4. Select a date range for the report.

5. Save the report.

Safety and Security Procedures

Safety procedures

Banking cash and cheques

- Vary the route and time of day when the person goes to the bank so movements cannot be predicted.
- Avoid using quiet streets and alleyways.
- Only make the journey when other people will be around.
- Use a busy route and walk in the centre of the pavement facing oncoming traffic.

Security procedures

Handling cash and cheques

- Use a security service to transport cash and cheques.
- Use a bank close to the business to deposit takings.
- Change the procedures for transferring cash and cheques, including routes, times, schedules, the amounts transferred and the vehicle used for the transfer.
- Avoid banking alone and rotate the task, so it is not always the same person visiting the bank.

Information Security

Legislative Requirements

The ATO requires that business records must also be on a computer or device that:

- You have access to (including all passwords)
- Is backed up in case of computer failure
- Allows you to control the information that is processed, entered and sent.

Organisational Systems

Business records must be stored securely using both online and local systems.

1. Online: To securely store business records online in the accounting software:
   - Upload PDF copies of source documents to the software
   - Generate reports in the software
   - Information stored in the software is backed up regularly.
2. Organisational server: To securely store business records locally in the organisational server
   - Upload PDF copies of source documents to the organisational server
   - Upload PDF copies of reports generated in the accounting software to the organisational server
   - Information stored in the organisational server is backed up daily by IT services.

Processing Payroll

Modern Award

The modern award applicable to employees of HiFlex Physio is the Fitness Industry Award 2020

Conducting Payroll Preparation

Designated timeframes

Payroll shall be prepared fortnightly.

Calculating pay, entitlements, and deductions

Pay entitlements, and deductions shall be calculated and recorded in accordance with legislative and regulatory requirements embedded in the applicable modern award.

a. Calculating gross pay

- Ordinary hours for management staff shall be calculated based on their annual salary.
- Ordinary hours for award staff shall be calculated based on the minimum award rates.
- Gross pay shall be calculated by adding:
  - Normal hours
  - Overtime
  - Allowances.

b. Calculating superannuation

- Superannuation guarantee (SG) shall be calculated based on the applicable rate prescribed by the Superannuation Guarantee Act.
- SG is calculated by the software automatically.

c. Calculating leave entitlements

- Annual leave entitlement shall be calculated at 152 hours per year.
- Leave loading shall be calculating at 17.5%.
- Personal leave entitlement shall be calculated at 76 hours per year.
- Leave entitlements are calculated by the accounting software automatically.

d. Calculating tax deductions

- PAYG Tax deductions shall be calculated based on current tax rates published by the Australian Taxation Office (ATO).
- STSL tax deductions shall be calculated based on current tax rates published by the ATO.
- PAYG and STSL Tax deductions are calculated by the accounting software automatically.

e. Calculating other deductions

- Regulatory and Employee-nominated deductions shall be calculated and applied to each pay. These include:
    - Workplace giving
    - Child support payments.

f. Calculating net pay

- Net pay shall be calculated as Gross Pay minus deductions.

Recording payroll

Payroll shall be recorded for each pay run by conducting the following steps:

a. Approve leave requests

b. Identify and correct discrepancies in payroll data.

- You should check payroll data before your process a pay run.
- Identify the discrepancies in payroll data, which are required to be referred for resolution and corrected.
- Determine resolution procedures for each discrepancy so that payroll data is in accordance with the payroll calculations detailed above.
- Obtain approval to rectify discrepancies from an authorised person.
- Correct the discrepancies.

c. Create a draft pay run

In the accounting software:

- In the Payroll section, select the option regarding the employee pay.
- Add a new pay run.
- Indicate the first pay period and proceed with the next steps.

d. Adjust employees' pay

In the accounting software:

- From the draft pay run, follow through each employee that needs pay adjustment.
- Check each additional earning and deductible pay item against their pay run details.
- Edit the details of existing pay items where necessary.

e. Post the pay run

In the accounting software:

- Check the draft pay run.
- From the draft pay run, finalise and post the pay run by clicking on a relevant button.
- If needed, click Yes to confirm your pay run.

Preparing pay advice slips

Pay advice slips shall be prepared and distributed to employees after each pay period in accordance with the requirements of the Fair Work Act.

In the accounting software:

1. In the posted pay run, click View Reports and select Payslips.

2. Download and save the PDF file.

Preparing payments

Payments shall be prepared to pay employees by direct credit to their bank accounts, using ABA (Australian Bankers Association) file generated by the accounting software.

Generating payroll reports

Payroll Activity Summary report

This report should be generated:

- After every pay run
- At every month-end
- At every financial year end

In the accounting software:

1. In the dashboard, navigate on Accounting Reports.

2. Find and open the summary of payroll activity report using the search field.

3. Select all employees.

4. Set the date range by selecting the pay date within a pay period.

The pay date shall be the date of the report.

5. Save and update the report.

Transaction Listing Summary report

This report should be generated:

- At every month-end
- At every financial year end

In the accounting software:

1. In the dashboard, navigate on Accounting Reports.

2. Find and open the summary of transaction activity report using the search field.

3. Select all employees.

4. Set the date range by selecting the first and last dates of the month, for the date of the report.

5. Payroll reports use the payment date of each pay run, not the pay period ending date.

For example, if a pay period ended on 14 July, but the pay day was 15 July, you will see it on reports for 15 July.

6. Select all the items for the pay item type.

7. Save and update the report.

Reconcile total payments

To reconcile total payments, you should compare the following amounts:

- The calculated total net pay.
- The total payment from the summary of payroll activity report.
- The ABA file payment entry in the bank statement.

Review and correct irregularities

If these amounts do not match, there are irregularities that should be corrected.

- To correct irregularities between the calculated total net pay and the total payment from the summary of payroll activity report, you should re-check the calculations and the data entered in the pay run.
- To correct irregularities caused by incorrect bank statement entries, you should contact the bank to have the entries corrected.

Obtain approval

You should present the summary of payroll activity report to an authorised person for verification and approval.

Storing and Maintaining Payroll Records

Payroll records shall be stored and maintained for a period of 7 years according to regulatory requirements of the Fair Work Ombudsman and the ATO.

Payroll records shall be stored and maintained in the accounting software. The system applies ISO 27001 security standard compliance, the premier global information security management system (ISMS) standard.

Preparing Activity Statements

The accounting software creates two different types of Activity Statement:

- Instalment Activity Statement (IAS) – reports PAYG tax withheld only
- Business Activity Statement (BAS) – reports GST, PAYG tax withheld and your PAYG income tax instalment

In the accounting software:

1. In the dashboard, navigate on Accounting Reports.

2. Find and open the Activity Statement using the search field.

3. Navigate the settings of the software and select the button for the business activity statement.

4. Check the rest of the settings are correct.

5. Save and update the statement

Completing Business Activity Statement (BAS) Returns

1. Find and open the Activity Statement for the current reporting period which contains GST data.

2. Save the report.

Completing Business Activity Statement (IAS) Returns

1. Find and open the Activity Statement for the current reporting period which contains only PAYG tax withheld data.

2. Save the report.

Making Adjustments for Previous Time Periods

An adjustment relates to a reported sale or purchase that was correct at the time of lodgement, but something occurred later that changed the amount of reported GST.

When you become aware of the need for an adjustment, you must report it in the activity statement for the current reporting period.

In the accounting software, you must enter adjustments for fields 1A, 1B, or the G fields while the Activity Statement is in draft status.

Preparing Activity Statements for Lodgement

To prepare for lodgement, you must have the draft Activity Statement approved for lodgement.

Obtaining approval

You should present the draft BAS and IAS to an authorised person for verification and approval.

Lodge the Activity Statement with the ATO

Once you have received approval of the Activity Statement, you can submit it to the ATO. Lodging locks the Activity Statement so that no further changes can be made to it. Only lodge an Activity Statement you have completed.

Technical Help

Find sources of technical help using the customer service platforms in the accounting software.

Date	Version Control and History	Version No.
2017	Version 1.0 published for HiFlex Physio.	1.0
30 September 2021	Deleted all references to MYOB Added new sections: • Conversion Procedures • Preparing a Register of Assets and Depreciation Schedule • Recording Journal Entries • Recording Adjusting Entries For Prepaid Expenses and Accrued Revenue • Financial Reports Retained and modified to suit Xero: • Accounting System • General Ledger • Method of depreciation • Reconciliation of Assets • Disposal of Assets • Provision For Doubtful Debts	2.0
31 October 2021	Added new sections: • Accounting standards for recording journal entries • Accounting principles for recording journal entries • Reconciling Accounts Payable and Accounts Receivable • Recording Closing Entries Updated Recording Adjusting Entries for Prepaid Expenses and Accrued Revenue section to show steps to follow up journal entries on prepayments and accrued revenue	3.0
22 December 2021	Added new sections: • Handling Source Documents Checking source documents Authorisation of source documents • Legislative and regulatory requirements • Reconciling Bank Accounts • Identifying errors and discrepancies • Referring errors and discrepancies for resolution • Preparing Accounts Payable and Accounts Receivable Schedules	4.0

Date	Version Control and History	Version No.
15 August 2022	Amended sections: • Preparing a register of assets and depreciation schedule. Added 'To maintain the asset register,...' to explain what 'maintain' means. Added new sections: • Bank account • Petty cash account • Input Standards • Checking and authorising petty cash claims and vouchers • Record petty cash purchases • Recording Inventory Items • Reconciling the petty cash account • Safety and Security Procedures • Adjusting Entries Doubtful and Bad Debts Inventory Business Owner's Drawings Discounts received Discounts allowed • Processing Payroll • Preparing Activity Statements • Technical Help	5.0
22 November 2022	Version 5 produced with the following modifications: • Updates to content of procedures to be more generic. • Amendments to wording, grammar and spelling to improve readability. • Minor updates to formatting.	5.0