



Quarterly Financial Report

Guide to Accruals Recording for Invoices

Use this guide to assist in accurate recording of invoices in the Quarterly Financial Report (QFR):

- **Recognise invoices in the correct reporting quarter**

Ensure that invoices recognise the same reporting quarter that expenditure was incurred, and not include accruals for invoices not received in the quarter. For example, if services were delivered during Q1 and the invoice was paid in Q2, the expenditure should be attributed to Q1 and not recognised in Q2.

- **Estimate accruals for late invoices**

Where invoices are late, estimate the amount to be accrued for the reporting quarter. This could be based on:

- Worked hours from payroll or timesheet data multiplied by an expected hourly rate for each occupation.
- Where agency expenditure is relatively consistent over time, the expenditure from the prior quarter or an average over time.

Informed management judgement may also be required when determining the accrual amounts.

- **Recording Accruals**

Create journal entries to record the accruals in your accounting system. For expenses, debit the appropriate expense account and credit an accrued liabilities account.

- **Accrual Adjustments**

Exclude accrual adjustments which relate to the prior quarters and ensure that hours and expenditure relate to the same and correct reporting quarter.

- **Document the justification for accrual**

Maintain thorough documentation to support the rationale behind the accruals, including calculations and assumptions. This documentation is essential for audit purposes and for future reference.

- **Review and Adjust**

Periodically review and adjust standing accruals to reflect any changes in circumstances or new information. This ensures that the data and information remains accurate and up to date.

- **Compliance and Controls**

Ensure that accruals comply with relevant accounting standards and regulations. Implement strong internal controls to prevent errors in the accrual process.

Tips for common issues

- **Invoices not billed in the required quarter**

Agency invoices received late or after the relevant reporting quarter must be reported in the quarter when the expenditure occurred, not when the invoice was received. If agency invoices are late, providers should estimate expenditure using recorded hours, in line with the estimation techniques noted above.

- **Labour hours and expenditure based on internal pay cycles**

Internal pay cycles often do not match with the QFR reporting period (i.e. full three months per quarter) and wages are paid based on these pay cycles rather than accruing hours and expenditure when they were incurred. If a pay period straddles a quarter-end, ensure the correct number of working days are included for the quarter being reported.