



Category: <b>Corporate Finance Policy</b>	
Subject/Title: <b>Payment Vouchers</b>	Reference Number: FIN-120
	Effective Date: May 22 <sup>nd</sup> , 2004
Approved by: <b>Executive Committee</b>	Revision Number:

## 1. Purpose

- 1.1 This policy is designed to ensure that payments are made only in respect of financial transactions that are properly documented, approved and subject to adequate segregation of duties.
- 1.2 Adequate segregation of duties requires separation of the responsibilities for:
  - i) the procurement function;
  - ii) verification of the receipt of goods and services; and
  - iii) payment vouchers processing.

## 2. Scope

- 2.1 Corporate finance policies apply to PHSA and its member agencies.
- 2.2 This policy excludes payments pertaining to employee compensation and claims for the reimbursement of travel and business expenses. For clarity, payments to consultants and contractors are included.

## 3. Terminology

- 3.1 *Payment vouchers* are those documents that initiate payments, typically vendor invoices, payment requisitions and contracts that create payments.
- 3.2 *Third party vendor invoice* is an invoice issued by an independent vendor or other equivalent independent documentary evidence supporting a payment.
- 3.3 *Three way match* is an accounting internal control based on the matching of three independent documents in support of a payment:
  - i) a third party vendor invoice;

- ii) a purchase order or approved contract; and
  - iii) an independently verified receiving record.
- 3.4 *Evaluated receipts settlement* is a process for generation of payments to qualified suppliers based on:
- i) a purchase order or approved contract; and
  - ii) an independently verified receiving record.
- 3.5 *Independent internal documentary evidence* means a minimum of one of:
- i) a purchase order; or
  - ii) a requisition, contract or receiving report that has been evidenced as approved or verified by a responsible individual who is not involved in any other approval or verification processes with respect to that financial transaction.
- 3.6 A *purchase order* means a purchase order issued by a recognized purchasing department in accordance with established policy and includes system generated purchase orders.
- 3.7 *One-over-one approval* is defined in the signing authority administration policy.

#### 4. Policy

- 4.1 Payment vouchers that are supported by the three way match and payments made by the evaluated receipts settlement process do not require further approval.
- 4.2 Approval by a signing officer is required in the absence of the three way match or the evaluated receipts settlement process.
- 4.3 In the absence of any independent internal documentary evidence, one-over-one approval is required where the payment voucher is:
- i) more than \$10,000; or
  - ii) not supported by a third party vendor invoice.
- 4.4 The same signing officer must not approve or verify more than one of:
- i) an initiating requisition, purchase order or contract;
  - ii) a related receiving record; and
  - iii) a related payment voucher, where approval is required.
- 4.5 Payment vouchers in excess of \$250,000, excluding those supported by the three way match or processed by the evaluated receipts settlement process, must be reviewed by the Chief Financial Officer, the Corporate Controller or one of their delegates prior to processing for the purposes of ensuring:
- i) compliance with polices and procedures;

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- ii) appropriateness of terms and conditions; and
  - iii) adequacy of documentation.
- 4.6 The finance department is authorized to obtain information or supporting documentation as it may deem appropriate to determine the propriety of a payment voucher.
- 4.7 Payment vouchers initiated by the finance department in respect of regulatory payments, such as tax remittances, or payroll deductions are exempt from the one-over-one approval process.
- 4.8 Staff responsible for processing payment vouchers are not permitted to approve or verify payment vouchers or supporting documentation.
- 4.9 The finance department is responsible to monitor compliance with this policy.