

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
ATTORNEY-GENERAL'S DEPARTMENT

Program All

Question No. 102

Senator Humphries asked the following question at the hearing on 18 October 2011:

Payments of Accounts

- a) For the year 2010-11, did the department/agency paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e. within 30 days)? If not, why not, and what has been the timeframe for payment of accounts? Please provide a breakdown, average statistics etc as appropriate to give insight into how this issue is being approached.)
- b) For accounts not paid within 30 days, was interest being paid on overdue amounts and if so how much has been paid by the portfolio/department agency for the current financial year and the previous financial year?
- c) Where interest is being paid, what rate of interest is being paid and how is this rate determined?
- d) For the FYTD, has the department/agency paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e. within 30 days)? If not, why not, and what has been the timeframe for payment of accounts? Please provide a breakdown, average statistics etc as appropriate to give insight into how this issue is being approached.)
- e) For accounts not paid within 30 days, is interest being paid on overdue amounts and if so how much has been paid by the portfolio/department agency for the current financial year and the previous financial year?
- f) Where interest is being paid, what rate of interest is being paid and how is this rate determined?

The answer to the honourable senator's question is as follows:

The government policy referred to in this question does not apply to the Australian Government Solicitor or the High Court of Australia.

- a) The following portfolio agencies have paid its accounts to contractors/consultants in accordance with Government policy in terms of time for payment: Australian Commission for Law Enforcement Integrity, Australian Law Reform Commission and the Office of Parliamentary Counsel.

The Attorney-General's Department and the following portfolio agencies paid its accounts to contractors/consultants in accordance with Government policy in terms of time for payment, with the exception of a small number of accounts: Australian Crime Commission, Australian Customs and Border Protection, Australian Human Rights Commission, Insolvency and Trustee Service Australia (ITSA) and the Office of the Director of Public Prosecutions (CDPP).

Occasionally there may be unavoidable delays in processing payments, examples include: verifying the satisfactory completion of work, a lack of supporting documentation supplied from vendors, payment disputes and disputes regarding the date of receipt of a correctly rendered invoice, clarifying amounts charged by vendors and delays in finalising approval for payment by agency managers. Please refer to the table below for a breakdown of payment of accounts:

- b), e) The Attorney-General's Department and the following portfolio agencies did not pay interest on overdue accounts for the previous or current financial years or FYTD: Australian Commission for Law Enforcement Integrity, Australian Crime Commission, Australian Federal Police, Australian Security and Intelligence Organisation, Australian Law Reform Commission, Australian Human Rights Commission, Crimtrac, Customs and Border Protection, Insolvency and Trustee Service Australia, Office of the Commonwealth Director of Public Prosecutions, Office of Parliamentary Counsel.
- c), f) For the Attorney-General's Department and the following portfolio agencies please refer to answer b): Australian Commission for Law Enforcement Integrity, Australian Crime Commission, Australian Federal Police, Australian Security and Intelligence Organisation, Australian Law Reform Commission, Australian Human Rights Commission, Crimtrac, Customs and Border Protection, Insolvency and Trustee Service Australia, Office of the Commonwealth Director of Public Prosecutions, Office of Parliamentary Counsel.
- d) For the FYTD, the following portfolio agencies have paid its accounts to contractors/consultants in accordance with Government policy in terms of time for payment: Australian Commission for Law Enforcement Integrity, Australian Law Reform Commission and the Office of Parliamentary Counsel.

The Attorney-General's Department and the following portfolio agencies paid its accounts to contractors/consultants in accordance with Government policy in terms of time for payment, with the exception of a small number of accounts: Australian Crime Commission, Australian Customs and Border Protection, Australian Human Rights Commission, Insolvency and Trustee Service Australia (ITSA) and the Office of the Director of Public Prosecutions (CDPP).

2010-2011 Financial Year					
Department/Agency	% paid within 30 days	% paid within 1-14 days after due date	% paid within 14-21 days after due date	% paid within 60 days after due date	% paid over 60 days after due date
Attorney-General's Department	94.84%	5.16%			
Australian Crime Commission	93.84%	2.40%	1.03%	0.68%	2.05%
Australian Customs and Border Protection	91.04%	4.45%	1.17%	3.34%	
Australian Federal Police	70.64%	11.31%	6.45%	11.60%	
ASIO	82.00%			13.00%	5.00%
CrimTrac					
Australian Human Rights Commission		#1		#1	#3
ITSA	94.00%	6.00%			
CDPP	89.00%	11.00%			
2011-2012 FYTD					
Attorney-General's Department					

Australian Crime Commission	94.00%	2.00%	2.00%	1.00%	1.00%
Australian Customs and Border Protection	91.38%	3.49%	0.82%	4.31%	
Australian Federal Police	79.73%	8.23%	3.69%	8.35%	
ASIO	85.00%			11.00%	4.00%
CrimTrac	72.00%	28.00%			
Australian Human Rights Commission		#4			
ITSA	95.00%	5.00%			
CDPP	70.00%	30.00%			

Attorney-General's Department

- a) The Attorney-General's Department has paid its accounts to all suppliers in accordance with Government policy in terms of time for payment, with the exception of a small number of accounts.

The Department received some 22,000 invoices each year in respect of its departmental operations. Occasionally there may be unavoidable delays in processing payments, for example in verifying the satisfactory completion of work.

For the year 2010-11, 94.84% of payments were made within 30 days. For the remaining 5.16% more than half were paid within 1 to 14 days after the due date.

- b) No claims for interest payment on overdue amounts have been received by the Attorney-General's Department.
- c) Not applicable.
- d) The Attorney-General's Department has paid its accounts to all suppliers in accordance with Government policy in terms of time for payment, with the exception of a small number of accounts.
- The Department received 4275 invoices during this period, in respect of its departmental operations. Occasionally there may be unavoidable delays in processing payments, for example in verifying the satisfactory completion of work.
- e) No claims for interest payment on overdue amounts have been received by the Attorney-General's Department.
- f) Not applicable.

Australian Commission for Law Enforcement Integrity

- a) Yes (Transaction Count of 1,728 with average payment terms of 18 days).
- b) Not applicable

- c) Not Applicable
- d) Yes (Transaction Count of 613 with average payment terms of 19 days).
- e) Not Applicable
- f) Not Applicable

Australian Crime Commission

- a) The ACC paid 93.84% (548 out of 584) of contractors / consultants within 30 days of receipt of a valid Tax Invoice. The following table provides a breakdown of the timeliness of payments for the 10/11 financial year:

	No. of Invoices	%
Invoices Paid Within 30 Days	548	93.84%
Invoices Paid Within 40 Days	14	2.40%
Invoices Paid Within 50 Days	6	1.03%
Invoices Paid Within 60 Days	4	0.68%
Invoices Paid Within 70 Days	2	0.34%
Invoices Paid Within 80 Days	3	0.51%
Invoices Paid Within 90 Days	5	0.86%
Invoices Paid Within 100 Days	2	0.34%
	584	100.00%

The 38 invoices that weren't paid within 30 days were not to small businesses. They were paid late due to internal processing delays, which may have included staff querying good/services received with vendors.

- b) No interest was paid on overdue accounts and therefore the amount of interest paid by the ACC for the 2010/11 FY was nil.
- c) Not applicable.

- d) The ACC has paid 94% (151 out of 161) of contractors / consultants within 30 days of receipt of a valid Tax Invoice. The following table provides a breakdown of the timeliness of payments for the 11/12 financial year to date:

	No. of Invoices	%
Invoices Paid Within 30 Days	151	94%
Invoices Paid Within 40 Days	4	2%
Invoices Paid Within 50 Days	4	2%
Invoices Paid Within 60 Days	1	1%
Invoices Paid Within 70 Days	0	0%
Invoices Paid Within 80 Days	1	1%
Invoices Paid Within 90 Days	0	0%
	161	100%

The 10 invoices that weren't paid within 30 days were not to small businesses. They were paid late due to internal processing delays, which may have included staff querying good/services received with vendors.

e) No interest has been paid on overdue accounts and therefore the amount of interest paid by the ACC for the 2010/11 FY was nil.

f) Not applicable.

Australian Customs and Border Protection Service

a) The payment statistics for contractors/consultants for 2010-11 are outlined below:

01 July 2010 – 30 June 2011	Invoices
Total Invoices Processed	4,018
Total number of invoices paid as per payment terms	3,658
Total percentage of invoices paid as per payment terms	91.04%
Total number of invoices paid outside of payment terms	360
Total percentage of invoices paid outside of payment terms	8.96%
Total number of invoices paid within 0 -7 days of being due	113
Total number of invoices paid within 7-14 days of being due	66
Total number of invoices paid within 14-21 days of being due	47
Total number of invoices paid after 21 days of being due	134
Total percentage of invoices paid within 0 -7 days of being due	2.81%
Total percentage of invoices paid within 7-14 days of being due	1.64%
Total percentage of invoices paid within 14-21 days of being due	1.17%
Total percentage of invoices paid after 21 days of being due	3.34%

- Customs and Border Protection operates a centralised Accounts Payable team in Melbourne that is responsible for processing all payments forwarded to them that have been approved by an authorised delegate. Agency staff endeavour to process all payments to meet agreed payment terms however, on occasions this may not be possible for the following reason:
 - The invoice received is not a correctly rendered invoice or there may be issues which need to be clarified between the agency and the vendor;
 - Delays in the invoice reaching the Accounts Payable team;
 - A delay in the authorisation process due to operational reasons;
 - A delay in goods receipting, confirmation of which is required to process any payments; and/or
 - A delay in payment to the suppliers caused by the agency seeking confirmation regarding the supply with the vendor

All these issues are continuously monitored and where possible improvements are made to the process to ensure timely payments continue to be processed.

b) Customs and Border Protection has not paid any interest on amounts that were paid to suppliers outside of the agreed payment terms in 2010-11.

c) Not applicable.

d) The payment statistics for contractors/consultants for 2011-12 as at 30 September 2011 are outlined below:

01 July 2011 – Current	
Total Invoices Processed	974
Total number of invoices paid as per payment terms	890
Total percentage of invoices paid as per payment terms	91.38%
Total number of invoices paid outside of payment terms	84
Total percentage of invoices paid outside of payment terms	8.62%
Total number of invoices paid within 0 -7 days of being due	22
Total number of invoices paid within 7-14 days of being due	12
Total number of invoices paid within 14-21 days of being due	8
Total number of invoices paid after 21 days of being due	42
Total percentage of invoices paid within 0 -7 days of being due	2.26%
Total percentage of invoices paid within 7-14 days of being due	1.23%
Total percentage of invoices paid within 14-21 days of being due	0.82%
Total percentage of invoices paid after 21 days of being due	4.31%

Australian Federal Police

a) The AFP paid 70.64 % by volume or 81.52% by value within the 30 day timeframe for the 2010-11 financial year.

The information is calculated based on the invoice date as opposed to the date the invoice is received which can distort the data. In addition the 30 day timeframe applies from the date of a correctly rendered invoice and the date that the correctly rendered invoice was received was not always recorded prior to the introduction of invoice scanning.

Other reasons leading to the AFP not meeting the 30 day payment schedule include:

- The AFP has a wide geographical footprint and the transporting of paperwork to achieve the appropriate delegate to approve payment is time consuming.
- The lack of supporting documentation due to be provided by the vendor was not received when vendor invoices were received thus delaying payment until such paperwork was received.
- Disputes with vendors on the extent to which the deliverables associated with the invoice had actually been delivered to the appropriate standard.

The AFP implemented invoice scanning as part of its electronic purchased to pay process in October 2011. This should see an improvement in the payment within the 30 day payment

statistics. There will no longer be the delay in the transporting of the paperwork as it will all be electronic.

01 Jul 2010 – 30 June 2011	< 30 days	31-44 days	45-60 days	> 60 days	Total
Number of Invoices	2868	459	262	471	4060
Percent of invoices by number	70.64%	11.31%	6.45%	11.60%	100%
Value of Invoices	\$86,771,705	\$7,588,636	\$4,947,559	\$7,133,032	\$106,440,933
Percent of Invoices by value	81.52%	7.13%	4.65%	6.70%	100%

- b) Nil interest was paid in 2010-11. Interest is only payable where sought by small businesses.
- c) Not applicable
- d) The AFP paid 79.73% by volume or 82.22% by value within the 30 days time frame for the period 1 July 2011 – 31 October 2011.

The information is calculated based on the invoice date as opposed to the date the invoice is received which can distort the data. In addition the 30 day timeframe applies from the date of a correctly rendered invoice and the date that the correctly rendered invoice was received was not always recorded prior to the introduction of invoice scanning.

Other reasons leading to the AFP not meeting the 30 day payment schedule include:

- The AFP has a wide geographical footprint and the transporting of paperwork to achieve the appropriate delegate to approve payment is time consuming.
- The lack of supporting documentation due to be provided by the vendor was not received when vendor invoices were received thus delaying payment until such paperwork was received.
- Disputes with vendors on the extent to which the deliverables associated with the invoice had actually been delivered to the appropriate standard.

The AFP implemented invoice scanning as part of its electronic purchased to pay process in October 2011. This should see an improvement in the payment within the 30 day payment statistics. There will no longer be the delay in the transporting of the paperwork as it will all be electronic.

01 Jul 2011 – 31 Oct 2011	< 30 days	31-44 days	45-60 days	> 60 days	Total
Number of Invoices	649	67	30	68	814
Percent of invoices by number	79.73%	8.23%	3.69%	8.35%	100.00%
Value of Invoices	\$18,741,197	\$2,052,471	\$1,022,630	\$974,786	\$22,791,084
Percent of Invoices by value	82.23%	9.01%	4.49%	4.28%	100.00%

- e) Nil interest paid.
- f) Not applicable.

Australian Human Rights Commission

a) For the year 2010-11 AHRC paid its accounts to contractors/consultants in accordance with Government policy with the exception of 6 identified payments. The payments were made respectively in 104, 85, 63, 55, 32 and 31 days. The delays were due to either payment disputes or one off events outside the normal payment process.

b) No.

c) Not applicable.

d) For the FYTD AHRC paid its accounts to contractors/consultants in accordance with Government policy with the exception of 4 payments. The payments were made respectively in 35, 34, 33 and 31 days. The payments outside terms were due to unusual events such as the unavailability of an approving delegate and delayed EFT processing.

e) No.

f) Not applicable.

Australian Law Reform Commission

a) For the year 2010-11, the Australian Law Reform Commission did pay its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment, being within 30 days.

b) No.

c) Not applicable.

d) For FYTD, the Australian Law Reform Commission has paid its accounts to contractors/consultants etc in accordance with Government policy in terms of time for payment (i.e. within 30 days).

e) No.

f) Not applicable.

Australian Security Intelligence Organisation

a) 82 per cent of accounts payable invoices were paid within 30 days (89 per cent of the dollar amount).

Delays are due either to a delay in receiving the invoice from the supplier (i.e. more than one or two days after invoice date), or a delay in managers approving invoices for payment.

Of the 18 per cent not paid within 30 days:

- 13 per cent were paid in 31-60 days;

- 3 per cent were paid in 61-90 days;
- 2 per cent were paid in 91-180 days;
- <1 per cent were paid more than 180 days after the invoice date.

b) No.

c) Not applicable.

d) 85 per cent of accounts payable invoices were paid within 30 days (90 per cent of the dollar value).

Delays are due either to a delay in receiving the invoice from the supplier (i.e. more than one or two days after invoice date), or a delay in managers approving invoices for payment (due to other work-related commitments).

Of the 15 per cent not paid within 30 days:

- 11 per cent were paid in 31-60 days;
- 3 per cent were paid in 61-90 days;
- 1 per cent were paid in 91-180 days;
- <1 per cent were paid more than 180 days after the invoice date.

e) No.

f) Not applicable.

CrimTrac

a) CrimTrac has paid its accounts to all suppliers in accordance with Government policy in terms of time for payment, with the exception of a small number of accounts.

A small number of accounts may not have been paid in accordance with Government policy. Supplier disputes often make it difficult to determine the date of receipt of the correctly rendered invoice. The invoice date indicated on the invoice has been used to provide the statistics below.

For 2010-11, 76% of contractor/consultant payments were made within 30 days. For the remaining 24%, most payments were made within 30 days of the due date stated on the invoice.

b) CrimTrac pays interest on overdue accounts according to agreed payment terms and Government policy. For 2010-11 there was no interest claims or interest payment in respect of contractor/consultant payments.

A small number of accounts may not have been paid in accordance with Government policy. Supplier disputes often make it difficult to determine the date of receipt of the correctly rendered invoice. The invoice date indicated on the invoice has been used to provide the statistics below.

For 2011-12 FYTD, 72% of contractor/consultant payments were made within 30 days. For the remaining 28%, most payments were made within 30 days of the due date stated on the invoice.

e) CrimTrac pays interest on overdue accounts according to agreed payment terms and Government policy. For 2011-12 FYTD there has been no interest claim or interest payments in respect of contractor/consultant payments.

Insolvency and Trustee Service Australia

- a) For the 2010-11 financial year ITSA has paid its accounts to all suppliers in accordance with Government policy for terms of time for payment, with the exception of a small number of accounts. Reasons for payment not being processed within 30 days can include the need to clarify amounts being charged, delays in the finalisation of work being invoiced and extended timeframes between the date of invoice and the date the invoice was received.

For 2010-11, 94% of payments were made within 30 days. For the remaining 6% most payments were made within 14 days after the due date. ITSA's financial management system has been set up to default scheduling of a payment to 30 days from the (earlier) date on the invoice, not the date of receipt of the invoice.

- b) For 2010-11, no claims for interest were made on overdue accounts.

- c) Not applicable.

- d) As at September 2011, ITSA has paid its accounts to all suppliers in accordance with Government policy for terms of time for payment, with the exception of a small number of accounts. Reasons for payment not being processed within 30 days can include the need to clarify amounts being charged, delays in the finalisation of work being invoiced and extended timeframes between the date of invoice and the date the invoice was received.

From 1 July to 30 September 2011, 95% of payments were made within 30 days. For the remaining 5% most payments were made within 14 days after the due date. ITSA's financial management system has been set up to default scheduling of a payment to 30 days from the (earlier) date on the invoice, not the date of receipt of the invoice.

- e) No claims for interest have been made on overdue accounts in the period 1 July – 30 September 2011.

- f) Not applicable.

Office of Parliamentary Counsel

- a) Yes.

- b) No.

- c) Not applicable.

- d) Yes.

- e) No.

- f) No applicable.

Office of the Australian Information Commissioner

- a) For the year 2010-11, the OAIC paid its accounts to contractors/consultants in accordance with Government policy with the exception of 5 payments. The payments outside the terms were due to the transitional arrangements resulting from the establishment of the OAIC. Of the 5 payments, 1 was paid in 42 days, 2 were paid in 35 days, 1 was paid in 33 days and 1 was paid in 32 days.
- b) No
- c) Not applicable.
- d) For the financial year to date, the OAIC has paid its accounts to contractors/consultants within 30 days.
- e) No
- f) Not applicable.

Office of the Director of Public Prosecutions (CDPP)

- a) The Office of The Director of Public Prosecutions (CDPP) has paid its accounts to all contractors/consultants in accordance with Government policy in terms of time for payment with the exception of a small number of accounts.

A small number of accounts were not paid in accordance with Government policy because they required scrutiny and investigation which was deemed necessary to ensure that the account may be properly paid.

For the financial year 2010-2011, 89% of payments were made within 30 days. For the remaining 11%, most payments were made within 14 days after the due date.

The CDPP largely meets the 30 day payment times. In addition, the CDPP continually monitors payment timeliness.
- b) No.
- c) Not applicable.
- d) For the period 1 July 2011 – 30 September 2011, 70% of payments were made within 30 days. For the remaining 30%, most payments were made within 14 days after the due date.
- e) No.
- f) Not applicable.