

**UNSW Accounting Procedure**

<b>Linked UNSW Policy</b>	Provisions and Employee Benefits
<b>Responsible Officer</b>	Director, Corporate Finance and Advisory Services and Shared Services
<b>Contact Officer</b>	Senior Group Statutory Reporting Manager, Corporate Finance and Advisory Services
<b>Review</b>	Every year
<b>Effective Date</b>	31 December 2013

**1. Objective**

This procedure outlines the process of accounting for monthly provisions including quarterly adjustments to State Super Scheme, in accordance with AIFRS, at a 'Central' level in NS Financials.

**2. Basis for monthly contribution to State Superannuation Schemes**

UNSW, (the University) makes monthly contributions to State superannuation schemes. These schemes provide lump sum superannuation benefits to NSW public sector employees with service prior to December 1992. These schemes are closed to new members.

There are three schemes in this pool. State Superannuation Scheme (SSS), State Authorities Superannuation Scheme (SASS) and State Authorities Non Contributory Superannuation Scheme (SANCS). These three schemes are further subdivided by the University into various funds including UNSW General (D10000), UNSW Academics (D10003), ADFA General (D10004), ADFA Academics (D10005).

State Superannuation Schemes are defined benefits schemes. Contributions are paid monthly to the State Super SAS Trustee Corporation. Contributions are a rate of 17% (14 % defined benefit component and 3% basic benefit). State super will advise the University of contributions required through a monthly invoice. Calculations by trustee are based on the salary data generated by payroll system and provided by the University's HR department.

**Calculation of the University's monthly contribution:**

Contributions are calculated 17% on superable salaries as follows:

**2.1 SASS - 14% plus SANCS - 3%**

Contributions are updated once a year to reflect increases in salary amounts. Salary data is as at 31 December of the preceding year. Changes take effect on first salary payment in the month of April of the current year.

**2.2 SSS - 14% plus SANCS - 3%**

Contributions are updated for each member once a year, however salary data is provided semi annually. The timing of a member's salary data to calculate the 17% contribution depends on member's birthdates. Members born between January and June have their contributions updated based on salary data as at 28 July, with changes taking effect on or after 21 October. Members born between July

and December have their contributions updated based on salary data as at 9 February, with changes taking effect on or after 5 May.

### **2.3 Quarterly adjustments**

The University contributes to the State Schemes via an invoice generated by the State superannuation fund Trustee based on information provided by the University payroll. There are nevertheless timing differences between the invoice and the GL provision postings from payroll.

Although the source of the underlying data are the same (the University's payroll system), there are discrepancies between the credit entries to the clearing accounts posted fortnightly and the debit entries as advised by the State Super Trust through their invoice.

Majority of differences between provisions and actual charges are timing differences, as invoicing by the trustee lags by a month to GL provision postings by the University's payroll.

Reasons for adjusting entries include:

- members transfer in and out to the funds - Although these schemes are closed to new members, they are nevertheless transferrable between employers
- yearly and semi annual adjustments to contribution calculations
- contributions for part time staff being based on the equivalent full time salary
- timing of 'payroll run' and discrepancies between fortnightly runs and monthly data provided
- retrospective salary adjustments by payroll - changes in worked hours, employees taking leave without pay, etc.

The differences between the provision and the invoices from the Trustee are adjusted quarterly by Corporate Finance and Advisory Services, 'centrally.' If such differences are material, they will be adjusted as required.

## **3. Accounting procedure**

### **3.1 Payroll system generated accounting entries:**

#### **(i) SASS - 14%**

Initial entries are generated by the payroll system fortnightly at a business unit level, through accounts 4727 (Super Acad Emerging-SASS) and 4840 (Super Gen Emerging-SASS), while the clearing account 8643 (Clearing SASS Employer Ded) is maintained at a 'Central' level.

#### **(ii) SSS - 14%**

Initial accounting entries are generated by the payroll system fortnightly at a business unit level, through accounts 4721 (Super Acad Emerging-SSF) and 4841 (Super Gen Emerging-SSF), while the clearing account 8645 (Clearing SSF Employer Ded) is maintained at a 'Central' level.

#### **(iii) SANCS - 3%**

Initial accounting entries to account for 3% basic benefit for SASS and SSS are generated by the payroll system fortnightly at a business unit level, through accounts 4738 (Super Acad Funded Basic/Benef) and 4838 (Super Gen Funded Basic/Benef), while the clearing account 8643 (Super Gen Funded Basic/Benef) is maintained at a 'Central' level.

### **3.2 Contribution payment to the SAS Trustee Corporation**

A monthly invoice and its supporting data is generated by the State Super – SAS Trustee Corporation which is issued to the University. The source data for this invoice is salary data generated by the University's payroll system. This data is generated at Faculty/School / Division level.

A PR1 form is prepared by HR and payment of the monthly invoice is made by Accounts payable.

The actual payments to the Trustee are recorded at a 'Central' level through account 4633 (Clearing Act – SASS, convert to 8643), 4634 (Clearing Act – SSS, convert to 8645) and 2803 (Cash at bank).

### **3.3 Corporate Finance and Advisory Services - Quarterly adjusting entries**

Adjusting accounting entries for the quarter are charged to 'Central' through accounts 4727 (Super Acad Emerging-SASS), 4721 (Super Acad Emerging-SSF), 4840 (Super Gen Emerging-SAS) and 4841 (Super Gen Emerging-SSF), and the clearing accounts 8643 (Clrg SASS Employer Ded) and 8645 (Clrg SSS Employer Ded).

## **4. Operational Aspects**

### **4.1 Other**

Currently within the GL provision codes for State Super are GL entries relating to First State Super, which is one of the schemes under SASS.

NICTA superannuation accounting for a professor (Prof Aruna) is currently accounted for through State Superannuation GL accounts.