

SA Health

Policy

Salaries and Wages Inter-business Recharges

Version 2.0

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Government
of South Australia

SA Health

1. Name of Policy

Salaries and Wages Inter-business Recharges

2. Policy statement

This policy provides the mandatory requirements in relation to salaries and wages inter-business recharge (IB) journals to streamline processes across SA Health.

3. Applicability

This policy applies to all employees and contracted staff of SA Health; that is all employees and contracted staff of the Department for Health and Wellbeing (DHW), Local Health Networks (LHNs) including statewide services aligned with those Networks and SA Ambulance Service (SAAS).

Specifically, this policy applies to all employees and contract staff involved in processing the salaries and wages IB recharge journals as detailed in [Appendix 1 - Salaries and Wages Inter-business Recharge Mandatory Instruction](#).

Out of scope

The following are excluded from the scope of this policy:

- > Recharges within the same business are processed as business journals.
- > Recoveries from/to entities outside of SA Health are processed through accounts receivable/payable.

4. Policy principles

SA Health's approach to salaries and wages IB recharge journals is underpinned by the following principles:

- > We will ensure the salaries and wages IB recharge process is compliant with Treasurer's Instructions, Australian Accounting Standards, and other relevant regulatory requirements.
- > We will ensure that transactions are bona fide, correctly initiated, validated, appropriately approved, and posted into Oracle Corporate Systems.
- > We will process IB journals in accordance with the [Financial Information Policy](#).

5. Policy requirements

Secondment types

- > IB recharge journals must be raised for short term seconded employees and rotational seconded employees.
- > Long term seconded employees must be transferred to the receiving business' CHRIS Payroll System and not recharged via IB recharge journal unless:
 - Employee salaries are split across more than one business
 - MedSTAR employee recharges

Accounting treatment

- > Businesses must not offset the revenue and expense associated with a given seconded employee. Transactions must be fully recognised in the accounts of the business to ensure requirements under *AASB 101 Presentation of Financial Statements* are met.

- > Businesses must not recognise accrued receivables or payables for salaries and wages recharges in line with the [Financial Information Policy](#).

Inter-business journals

- > Salaries and wages recharges must be resolved on a monthly basis in the applicable financial year.
- > Recharges between SA Health businesses must be processed as IB journals.
- > Each IB journal must represent only two businesses and the sector code and intercompany code must be applied appropriately.
- > Supporting documentation (including but not limited to recharge agreement and approval, timesheet, roster confirmation, etc.) must be attached to the IB journal.
- > Salaries and wages IB recharge journals must be processed in Oracle Corporate System (Oracle) General Ledger in accordance with the requirements outlined in the [Financial Information Policy](#) and the [Financial Information \(Oracle Corporate System\) Procedure](#).
- > For requirements in relation to initiation, approval and processing of IB journals, refer to [Appendix 1 - Salaries and Wages Inter-business Recharge Mandatory Instruction](#).

6. Mandatory related documents

The following documents must be complied with under this Policy, to the extent that they are relevant:

- > [AASB 101 Presentation of Financial Statements](#)
- > [Treasurer's Instruction 2 Financial Management](#)

7. Supporting information

- > [Financial Information Policy](#)
- > [Financial Information \(Oracle Corporate System\) Procedure](#) (for SA Health internal use only)
- > [Oracle Chart of Accounts](#) (for SA Health internal use only)
- > [Oracle Journals Supporting Documentation Factsheet](#) (for SA Health internal use only)
- > [Salaries and Wages Inter-business Recharges Factsheet](#) (for SA Health internal use only)
- > [Tax Factsheet 8 - Seconded Employees and GST](#) (for SA Health Internal use only)

8. Definitions

- > **Business:** means the 'Business' segment in the Oracle Chart of Accounts, i.e.
 - o Barossa Hills Fleurieu Local Health Network (BHFLHN)
 - o Central Adelaide Local Health Network (CALHN)
 - o Department for Health and Wellbeing (DHW)
 - o Eyre and Far North Local Health Network (EFNLHN)
 - o Flinders and Upper North Local Health Network (FUNLHN)
 - o Limestone Coast Local Health Network (LCLHN)
 - o Northern Adelaide Local Health Network (NALHN)
 - o Riverland Mallee Coorong Local Health Network (RMCLHN)
 - o SA Ambulance Service (SAAS)
 - o Southern Adelaide Local Health Network (SALHN)

- Women's and Children's Health Network (WCHN), and
 - Yorke and Northern Local Health Network (YNLHN).
- > **Inter-business (IB) journal:** means a general ledger journal between two SA Health businesses in Oracle, and it will create an intercompany loan between the business entities involved, (e.g., DHW's charges to SALHN).
 - > **Long term seconded employee:** means an employee who has been temporarily transferred to take up employment with another business unit for a period greater than 12 months. Long term seconded employees must be transferred to the receiving business' CHRIS Payroll System.
 - > **Rotational seconded employee:** means an employee who has been temporarily transferred to take up employment with another business unit on a rotational basis.
 - > **Salary and wages recharge:** means where a business supplying the seconded employee seeks payment from the other business for the services of the employee. This is generally a taxable supply, however IB salary and wage recharges within SA Health is GST exempt as they are in the same GST group, refer to [Tax Factsheet 8 - Seconded Employees and GST](#).
 - > **Seconded employee:** means an employee who has been temporarily transferred to take up employment with another business unit. The secondment does not change the employment status of the original (home) business' employee. The business original (home) continues to pay the employees as if the employees were still working for their business.
 - > **Short term seconded employee:** means an employee who has been temporarily transferred to take up employment with another business unit for a period of 12 months or less.
 - > **Statewide services:** means State-wide Clinical Support Services, Prison Health, SA Dental Service, BreastScreen SA and any other state-wide services that fall under the governance of the Local Health Networks

9. Compliance

This policy is binding on those to whom it applies or relates. Implementation at a local level may be subject to audit/assessment. The Domain Custodian must work towards the establishment of systems which demonstrate compliance with this policy, in accordance with the requirements of the [Risk Management, Integrated Compliance, and Internal Audit Policy](#).

Any instance of non-compliance with this policy must be reported to the Domain Custodian for the Financial Management and the Domain Custodian for the Risk, Compliance and Audit Policy Domain.

10. Document ownership

Policy owner: Domain Custodian for the Financial Management Policy Domain

Title: Salary and Wages Inter-business Recharges Policy

Objective reference number: A6695839

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11. Document history

Version	Date approved	Approved by	Amendment notes
1.0	08/12/2017	SA Health Policy Committee	Original approved version
2.0	07/06/2025	Deputy Chief Executive, Commissioning and Performance, DHW	Policy re-templated to align with the Policy Framework Scheduled review

12. Appendices

1. Salaries and Wages Inter-business Recharges Mandatory Instruction.

Appendix 1: Salaries and Wages Inter-business Recharge Mandatory Instruction

The following Instruction must be complied with to meet the requirements of this Policy.

Policy phase	Compliance requirements
Salaries and wages IB recharge journals	<p>The business seeking to recover funds (the recovering business) must:</p> <ul style="list-style-type: none"> > Initiate the IB journal to recover funds, including the business and cost centre for the recovery of charges. > Attach supporting documentation in relation to the recharges, including but not limited to approval from the recipient business, secondment agreement/letter, timesheet, roster confirmation, leave records where relevant. > Send the journal to the recipient business for the cost of the seconded employee. > Upon receiving the uploaded and approved IB journal approve the journal and monitor any outstanding recharge journals. <p>The business incurring the expense (the recipient business), upon receiving the IB journal from the recovering business, must:</p> <ul style="list-style-type: none"> > Agree on the recharges. > Attach supporting documentation, including but not limited to completed timesheet, leave records, roster confirmation to the IB journal. > Record associated statistical data (i.e., hours) in the IB journal. > Complete the IB journal process (i.e., upload and approve the IB journal) in Oracle Corporate Systems General Ledger. <p>Any disputes over the recharges must be resolved between the involved businesses in a timely manner.</p>