Case Study: Backdated Bills Posted into a Closed BAS Period



Background

A bookkeeping team was processing supplier invoices for a client operating under the Australian GST cash basis reporting method. The BAS for December 2025 had already been reviewed, finalized, and lodged. During routine bookkeeping in a later period, a team member received a supplier invoice dated December 2025 that had not previously been entered into the accounting system.

Scenario

While recording the invoice, the bookkeeper entered the bill using the original December 2025 invoice date.

As a result:

The transaction was posted into a BAS period that had already been completed.

- Previously finalized financial reports changed.
- Reviewer reconciliation differences appeared unexpectedly.
- The adjustment was not communicated to the reviewer before posting.

The issue was identified during the review process when historical balances no longer matched previously approved reports.

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Key Issues Identified

- Backdated transactions were posted into a closed BAS period.
- Historical financial reports changed after completion.
- Reviewers could not easily identify the adjustment.
- Required instruction regarding backdated entries was not followed.
- Audit trail visibility was reduced.

Root Cause Analysis

Process Failure

The bookkeeper entered the transaction using the original invoice date without considering that the BAS period had already been finalized.

Communication Gap

The adjustment was not discussed with the reviewer or manager before posting.

Control Weakness

Closed-period controls were bypassed during routine bookkeeping activities.

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Lack of Awareness

The GST treatment for cash-basis entities was not fully considered before entering the bill.

Technical Consideration

The entity reports GST on a cash basis.

Therefore:

- GST is generally recognized when payment is made rather than when the bill is dated.
- Entering the bill with a December 2025 transaction date was not necessary for GST reporting purposes.
- The bill could have been entered in the current open period while maintaining appropriate supporting documentation.

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Impact

Financial Reporting

Historical balances and prior-period reports were altered.

Reconciliation Challenges

Reviewers faced difficulty identifying the source of changes.

Audit Trail Concerns

Unexpected changes reduced transparency over adjustments.

Operational Efficiency

Additional review time was required to investigate differences and confirm accuracy.

Corrective Actions

- Reverse or appropriately adjust the backdated posting if approved.
- Discuss the matter with the reviewer or manager.
- Document the reason for the adjustment
- Obtain approval before making prior-period corrections.
- Ensure a complete audit trail is maintained.

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Preventive Measures

- Do not post transactions into completed BAS periods during routine bookkeeping.
- Enter late-received bills in the current open period unless otherwise instructed.
- Escalate material prior-period adjustments for review.
- Maintain closed-period controls within accounting software.
- Reinforce training on cash-basis GST reporting requirements.

Outcome (Hypothetical Resolution)

The transaction was reviewed with management and appropriately recorded in the current open period.

Additional guidance was provided to the bookkeeping team regarding closed-period controls and cash-basis GST treatment. As a result:

- Historical reports remained unchanged.
- Audit trail visibility improved.
- Reviewer efficiency increased.
- Compliance with internal bookkeeping procedures was strengthened.

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