Finance and Resources Committee – 19 June 2012

Procurement, Requisitions and Purchases Procedure

Executive summary and recommendations

Introduction

Decision

The Committee is requested to review and approve the procedures document.

Background information

This is a detailed procedures document for use in the Finance department, which will enable staff to understand document flows and follow agreed processes.

The internal audit report on the purchase ordering system in February 2012 recommended that this document be finalised and approved by this committee and thereafter kept up to date and communicated to relevant staff. The internal auditors will review the final document as part of their follow up procedures in July.

Financial implications

None

Appendices

Appendix One – Procurement, Requisitions and Purchases Procedure

Date of paper

7 June 2012

PROCUREMENT, REQUISITIONS & PURCHASES

2.1 Procurement
2.2 Purchase Order Requisitions
2.3 Purchase Ledger
2.4 One off payments & Employee Expenses

2.1 Procurement

2.1.1 Suppliers Database

The 'Suppliers' database is initial step to placing an order for goods or services. The 'Suppliers' database is located in Lotus Notes under database/workspaces.

All HPC employees may have access to the database but only budget holders listed in 'Invoice & Purchase Order Signatory List' can actually raise and edit information in the database. This list is available in intranet/finance/policies & procedures.

The signatories stated on this list can request new suppliers. Budget holders are those that have authority to sign off invoices and purchase orders, these tend to be Directors of departments. Most departmental Budget holders have delegated sign off authority to managers within the department; again these will be listed in the 'Invoice & Purchase order Signatory List'.

The 'Suppliers' within the database are defined in the following categories:

Approved Suppliers: These are regularly used suppliers and are available on the online purchasing order system and Sage accounting system

Declined Suppliers: These are suppliers that will only be used as an one off spend and therefore payment is manual and these suppliers will not appear on the online purchasing ordering system or in Sage accounting system.

In progress: These suppliers are waiting for Finance Director and Chief Executive to decide whether these suppliers will be approved or declined

2.1.2 Supplier set up process

If the budget holder has decided to request a new supplier, the application is made through Lotus Notes, the request form asks for the following information, which allows the Finance Director and Chief Executive to make a decision whether the supplier should be approved or declined.

- Name of supplier:
- Contact & address details:

- Amount to be spent: also see Tendering Policy in Intranet/Finance/Procurement. Within the Tendering Policy there are limits to whether a supplier needs to be subject to tender.
- Frequency of spend: annual or one off requirement
- Terms and Conditions
- Contract Details
- Estimates

If the Finance Director declines the supplier, the request will not go to the Chief Executive for further approval and would become a declined supplier: See Section 2.4.

If the Finance Director approves the supplier, the request will be sent to the Chief Executive and he decides if to approve as a supplier. If approved, email notification will go to the Financial Accountant and Financial Controller. The Financial Accountant will pass the information to the Finance Administrator to set up the supplier in Sage accounting system and allow the supplier to be available for placing orders in the online purchasing ordering system (PRS).

If a budget holder feels that the supplier status should be re-assessed they are able to edit the document and re-send for approval with reasons.

2.1.3 Tendering Policy

HPC policy states that when a new supplier is required and the annual spend is going to be greater than £30k (VAT inclusive) the supplier selection needs to go through the tendering process. Policy is saved in Intranet/Finance/Procurement which also covers guidelines in the tendering process. This was last approved in June 2009.

Once appointed, if the estimated annual contract value is greater than £50k VAT inclusive, the President, Chief Executive or other £50k signatory needs to sign the contract, as well as the budget holder.

2.1.4 Ordering

HPC maintains an Invoice & Purchase Order Signatory List, this contains all departmental managers and their authority to sign off invoices and purchase orders. All invoices and purchase orders must be signed in accordance with this. An up-to-date list can be found on Intranet/Finance/Policies & Procedures.

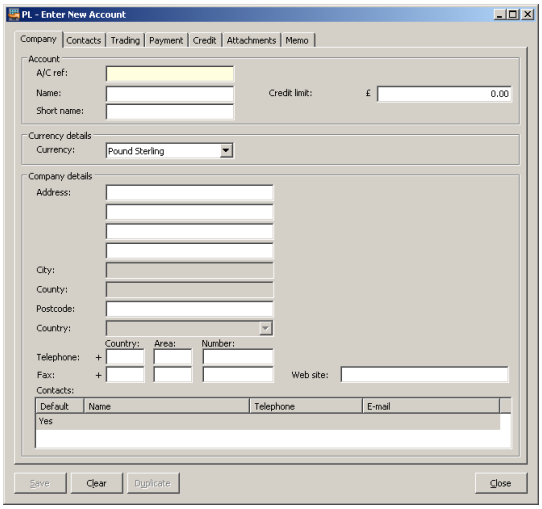
If the order is set up on the supplier's database and approved, the order should be placed through PRS – See Section 2.2.

2.1.5 Setting up new suppliers in Sage

New Suppliers will need to go through the procurement process, outlined in Section 2. Once a supplier has been approved, the following steps are taken to add to Sage accounting and PRS.

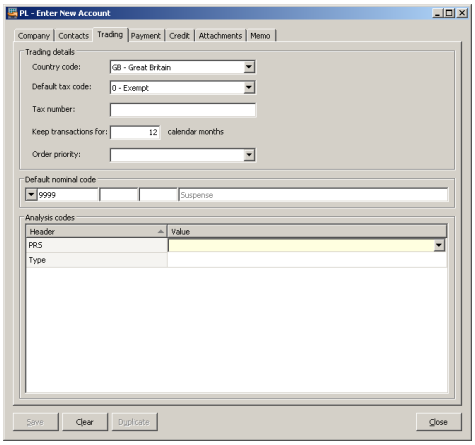
Only authorised individuals will receive an email from Suppliers database with contact details of the new supplier. These individuals consist of Finance Director, Finance Controller, Finance Accountant and Finance Administrator.

Select Sage Accounting/Purchase Ledger/New Account



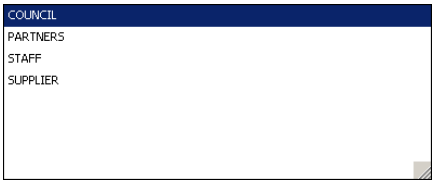
From the email enter in contact details:

Name: name of the supplier
Sort Name: name of the supplier
Address: registered address of the supplier
Contact details: telephone, fax, email and web address

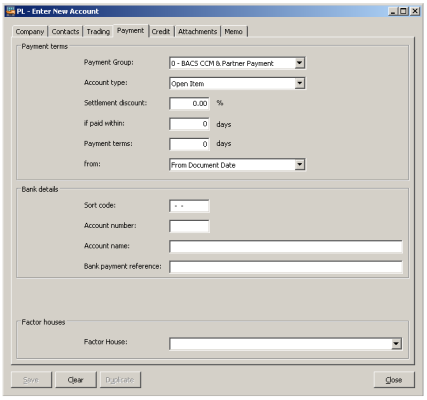


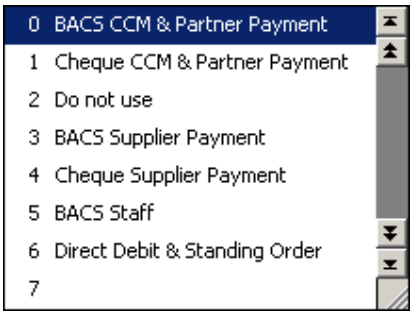
In the trading section:

- Country and Tax code and Transactions kept for: these are default, no change required
- Analysis Code: If the supplier is a partner, council member or member of staff no entry needs to be made in PRS header, but if the new account is for a trading supplier, the value tab in PRS header needs to be selected for 'Supplier' this ensures that this supplier will be available to users in PRS. For all new accounts the value in 'Type' needs to be selected, the options consist of (shown below), select as required.



From the payment section: Select payment group as appropriate. If bank details are available select BACS depending on whether they are a CCM/Partner or Supplier which will be options 0 and 4. If no bank details are available selct type 1 or 4 pending type. If direct debit or standing order is set up select type 6.





Sections Credit/Attachements and Memo's need no amendents, they are set up as default. Then select Save.

2.2 Purchase Order Requisitions

2.2.1 Purchase Order Options

All staff have access to PRS and can place orders to any value but rules for approving purchase orders are same as invoice signing and therefore signing off must be in accordance with the **'Purchase Order & Invoice Signatory List**'. This list is available in the intranet/finance/policies & procedures

Administration of users, order vales and compliance of signing off purchase orders are maintained by the Finance Department. See Section ** . Administration of service availability, speed, performance is administered by the IT department.

Only approved suppliers will be available for placing orders through PRS.

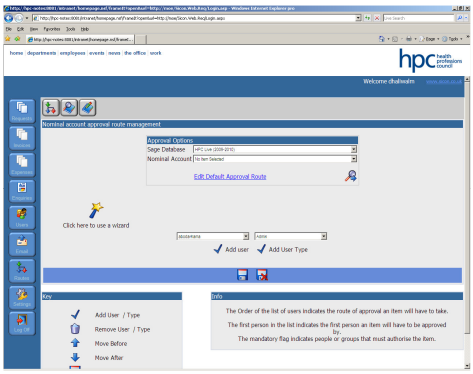
The following exceptions do not need purchase orders to order goods or services. These are because these costs are variable, unpredictable or paid by Direct Debit.

- Corporate travel
- Legal expenses & associated costs
- Witness & Court related fees e.g. memorandum of convictions
- High Court costs
- Mobile phone, blackberry, Internet & 3G cards
- Phone charges
- Postage & courier charges
- Utility charges & business rates
- Archive & storage
- Bank transaction charges & service fees
- Pension and fund manager charges
- Employee expenses
- Partner fees & expenses
- Council & Committee member fees & expenses
- PLG member fees & expenses
- Temp agency weekly costs
- Transcript writers
- Office services such as key cutting, florists & minor building maintenance.
- Transcript writer costs
- Photocopying, scanning and associated costs with photocopying such as stabling, tags, collation etc.
- Confidential service order's – e.g. occupational health referrals, agency replacement etc.
- One off suppliers
- Pro-forma invoices

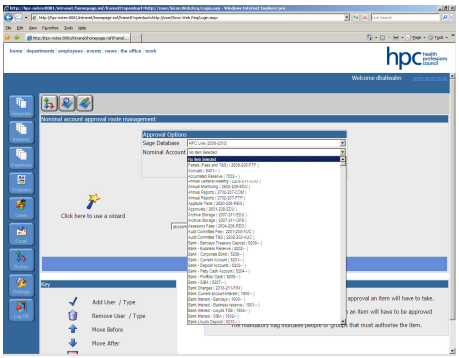
No paper purchase orders are to be used. All approved supplier costs except those listed in the exception list are to be raised through PRS.

2.2.2 Approval in PRS

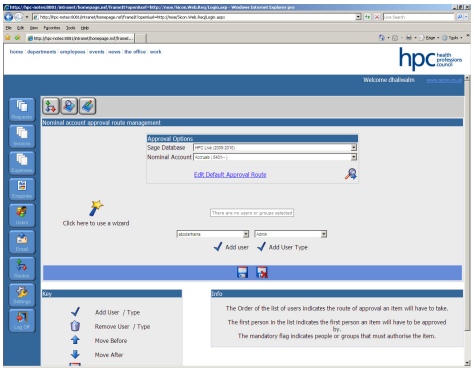
Manage Approval Routes: For each nominal account, an approval route needs to be mapped, this decision of what needs to be approved is in accordance with '**Invoice & Purchase Order Signatory List**'.



Select 'manage approval routes' and ensure the correct Sage database is selected, this should always be the current financial year. Usually there is only one option. In case there is more than one, always choose current financial year.



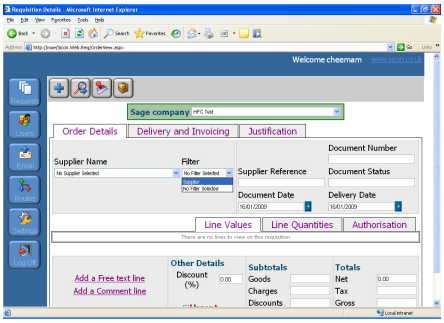
Select the nominal account that needs to be mapped. All nominal accounts should be mapped, if any new accounts have been added in Sage Accounts, they will need to be manually mapped in PRS. The select 'Edit Default Approval Route' and then tick the magnifying glass.



To add users select from tabs labelled either ‘user’ or ‘user type’. If only one user is going to authorise ‘user’ is the best option, but where there are multiple users approving then ‘user type’ group will need to be select. Once the approval route has been mapped then save the changes.

	Order Value	**Authorisation Value**
1) Department Budget Administrator (DBA)	unlimited	£0
2) Department Budget Holder Level 1 (DBH1)	unlimited	£1,000
3) Department Budget Holder Level 2 (DBH2)	unlimited	£8,000
4) Department Budget Holder Level 3 (DBH3)	unlimited	£8,001-£25000
5) Budget Holder Level 4 (DBH4)	unlimited	£25,000 plus

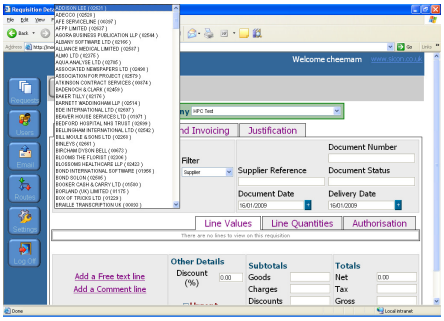
2.2.3 Raising Purchase Orders

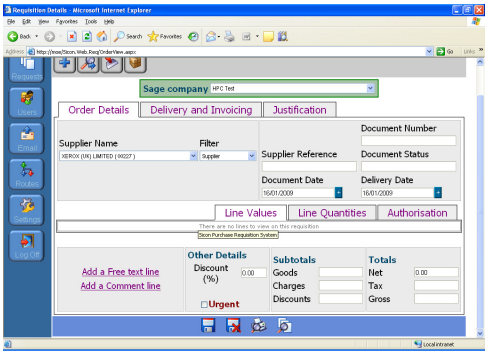


To raise orders in PRS, the user will need to log on to the system, the user details are obtained from the Finance department’s PRS Administrator.

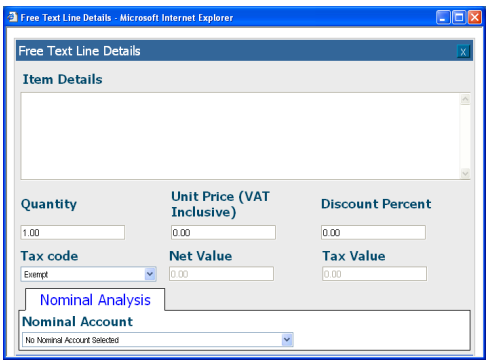
To place an order, choose from the left side panel, select ‘Request’ and choose the first icon at the top of the screen ‘Submit New Request’ (the Plus Sign). Under ‘Submit New Request’, there are three tabs available; ‘Order Details’, ‘Delivery & Invoicing’ and ‘Justification’.

‘Order Details’: This is where the order is placed. Choose the filter option ‘Suppliers’. This will bring up the list of Approved Suppliers, listed in alphabetical order. By selecting a supplier, the system will pre-populate the fields with supplier details which are retrieved from the Sage accounting system.



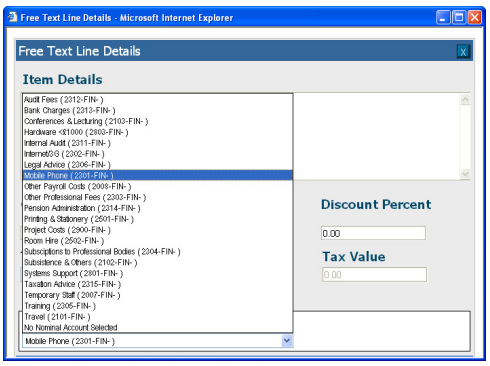


There are three sub-sections to the Purchase Order screen: 'Line Values', 'Line Quantities' and 'Authorisation'. To place an order, select 'Add a Free Text Line'



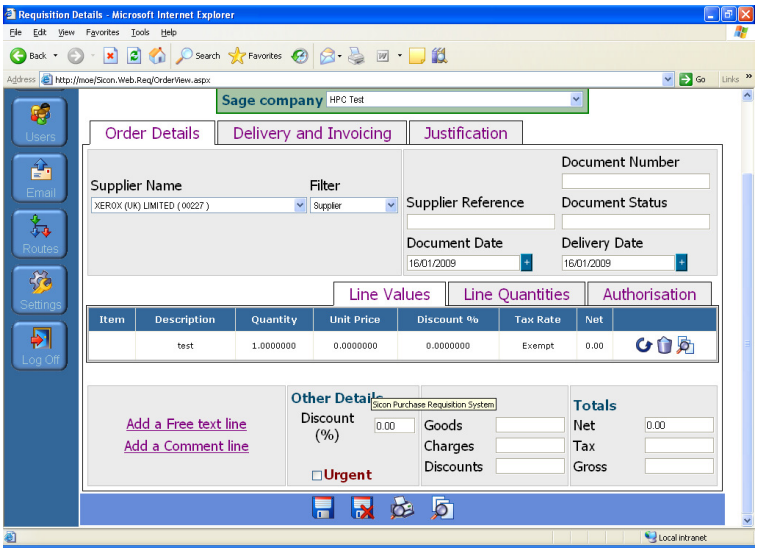
By selecting 'Free Text Line' it will re-direct to this screen. This will require the following information to be entered:

Item Details - a brief description of what the order is for.
Quantity – the amount you wish to order. The Default Quantity is 1
Unit Price – for each item (VAT inclusive).
Discount Per cent – enter as 5% if there is an agreed discount of 5% say.
Tax Code – this is defaulted to 'Exempt', therefore the **Tax Value** is blocked out as HPC is not VAT Registered.
Nominal Code – this is the expense code where the cost will be charged. This field must be entered. If the code does not appear, contact the system administrator to update PRS.



Note - the nominal code list is a restricted list by department and then defined by user type in the department. If the user requires a nominal code which is not in the drop down, the user will need to contact the system administrator.

After selecting the nominal code, the user then saves the screen information by selecting the 'save' button. Once pressed, it will re-direct the user back onto the main Purchase Order input screen.

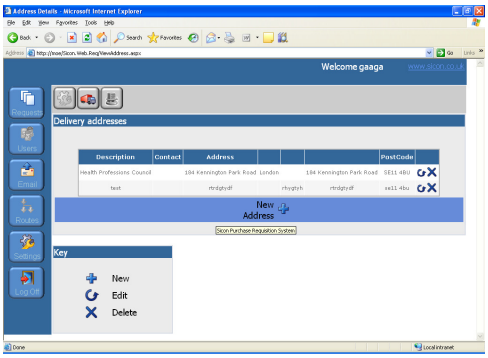


The free text line is now embedded within the Purchase Order under the tab 'Line Values'. Within the embedded line, there are three options if they need to be used:

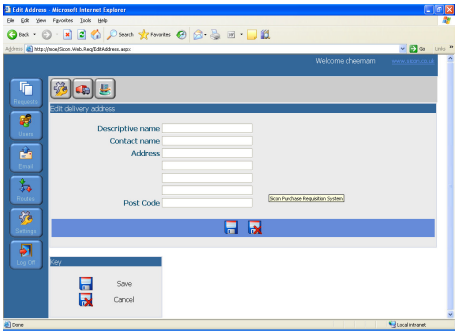
Edit – allows the user to re-open the free text item to edit the Purchase Order placed by the user
Bin – this deletes the Purchase Order Line
Magnifying Glass – this shows the user who placed the order and who is the approver next in the approval route to approve the Purchase Order.

Delivery & Invoicing: This shows the supplier's address. There are two options here to select: the delivery address and the invoice address.
Note - the delivery address can be choice of the user (which HPC department or outside venue), but the invoice address must always be Park House, the system defaults is Park House and can only be changed by system administrator.

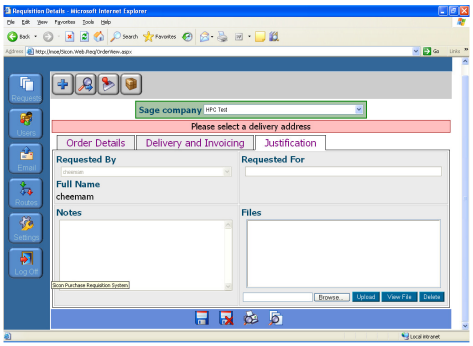
To edit the delivery address: The standard address in the system is Park House. If the user needs to add in another delivery address, the user will need to manually add in another address to the list.



Select ‘Settings’ from the left hand side icon list. Select the lorry icon at the top of the page ‘Manage Delivery Addresses’. Then select the plus key where it indicates ‘New addresses

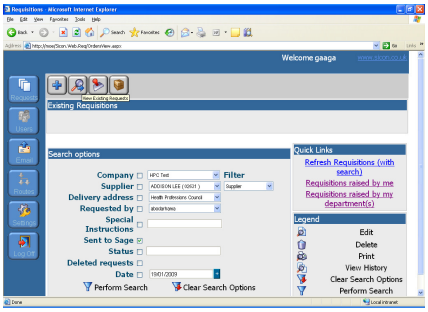


Enter in the new address and select the ‘Save’ icon. This delivery address will then appear in the list of delivery address options for raising new Purchase Order’s.



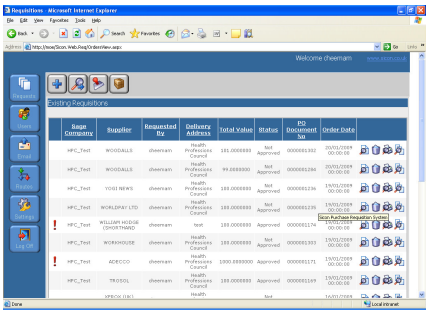
Justification: This allows the user to add in comments relating to the reason for the purchase.

2.2.4 Reviewing Existing Purchase Orders



Select the second icon displaying the ‘magnifying glass’.

There are a number of ways to view your exiting Purchase Order's. The use can select one of the quick links. i.e. ' Requisitions raised by me' or 'Requisitions raised by my department' OR select from the 'Search Options' by ticking each filter criteria and selecting 'perform Search' to also bring up the user's Purchase Order's

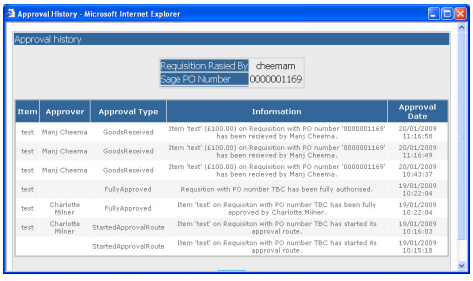


Once the search is performed or by selecting the quick link, Purchase Order's will be displayed. Then the user can choose the Purchase Order, which needs to be viewed.

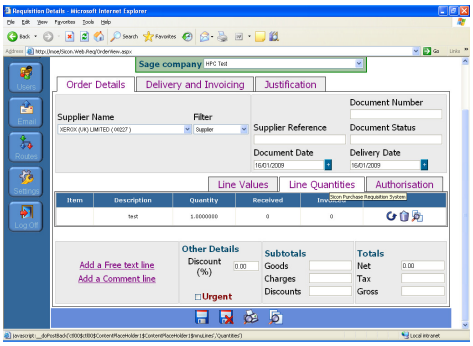
Each Purchase Order line has four options:

Edit/view order – the user can view and edit the order
Delete order – this deletes the order from the history.
Print order – re-print Purchase Order's
View approval history – allows the user to see who placed the order and when the Purchase Order was approved and goods received.

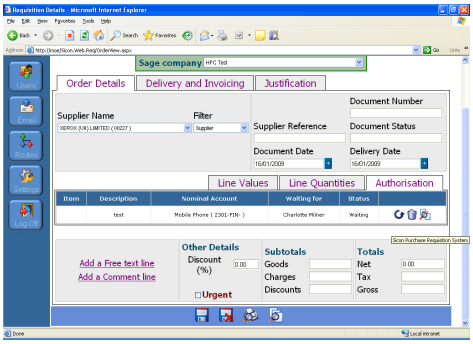
Viewing the Approval History: This allows the user to see the whole itinerary of the approval route.



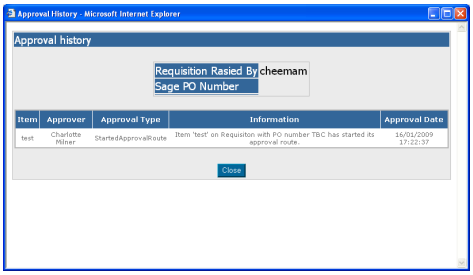
'Requisition Raised by': this shows user who created the order
'Sage Purchase Order Number': is the Purchase Order Number
'Approver': Show who approved the order or who received the goods/services
'Approval Type': shows what activity has happened



To view is ‘Line Quantities’. This shows the quantity received and invoiced by Purchase Order line.



The final tab is ‘Authorisation’. This lets the user know who the Purchase Order will be sent to for authorisation.

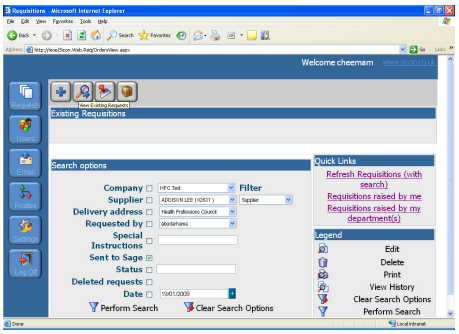


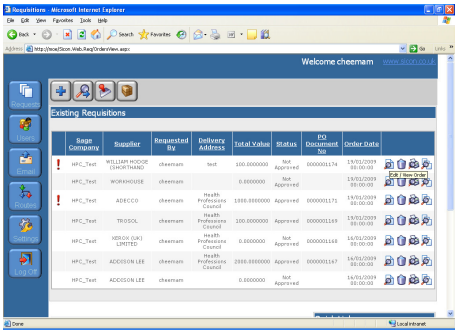
If the user selects the third icon (shaped as magnifying glass) on the right of the line, this will show the approval history.

2.2.5 Amendments to Approved Purchase Orders

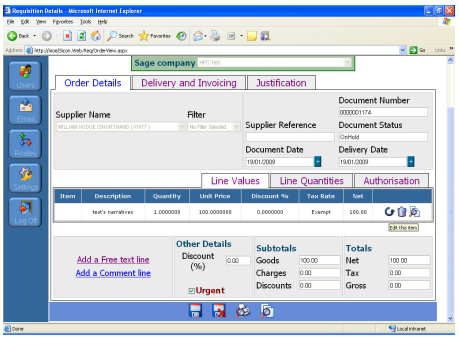
Purchase orders can be amended on price and quantity only; if other details have to be changed a new purchase order will need to be raised.

The user can amend a Purchase Order from two screens. One is from ‘View existing Requests’. The second is from the quick link ’Requisitions raised by me’

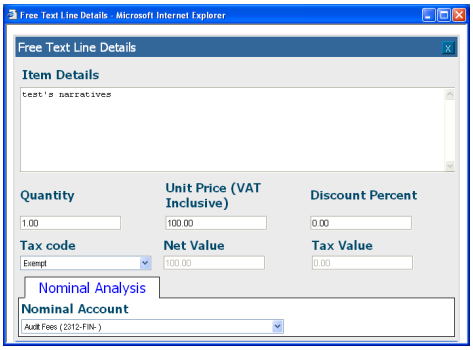




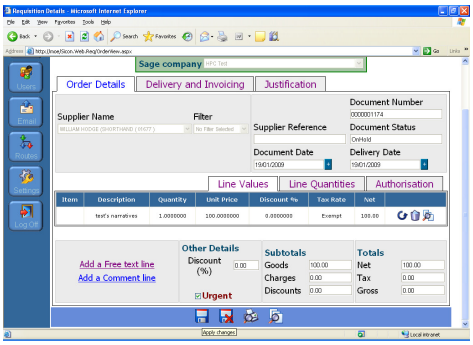
Choose the Purchase Order that needs to be amended and then select the first icon ‘Edit/View Order’



This will re-direct the user back into the Purchase Order. Select ‘Add a Free Text Line’, if another Purchase Order line needs to be added, or select ‘edit the item’ if the existing Purchase Order line needs amendment,



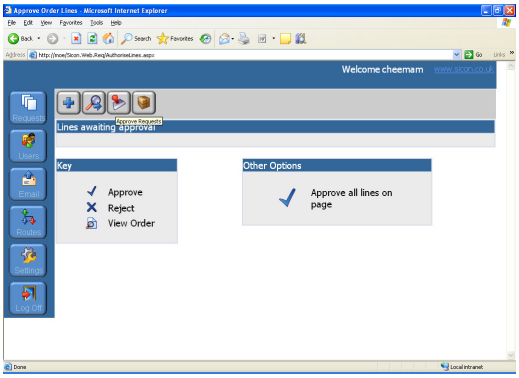
This is the same as raising a new Purchase Order. It takes the user to the original screen where the order was placed. Here the user can amend the quantity and/or price and the select 'Save'.

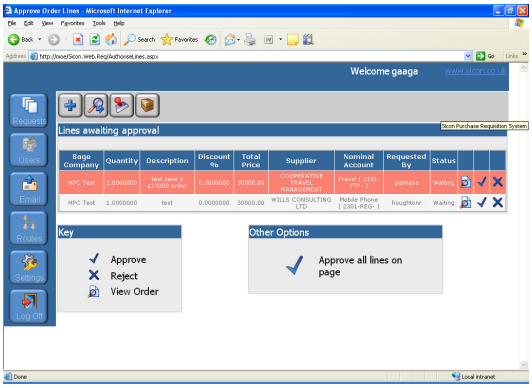


Once 'save' is select, the screen will be re-routed to the original screen and the amended Purchase Order will need to be re-saved. This will automatically re-calculate whether the Purchase Order requires re-approval or not depending on the price movement.

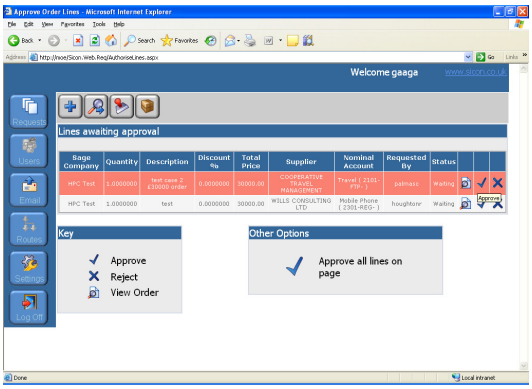
2.2.6 Approval of Purchase Orders:

Within the 'Request' section of the panel, select the third icon across labelled 'Approve Request'. This will bring up all the purchase orders that require the user's authorisation as the approval route.

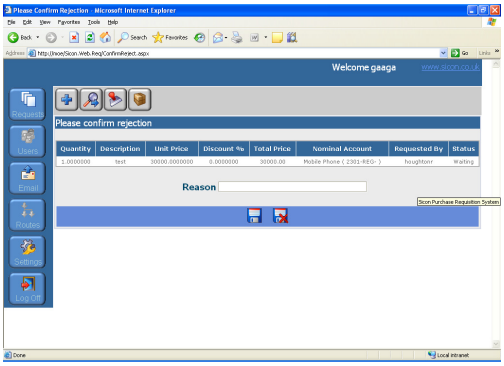




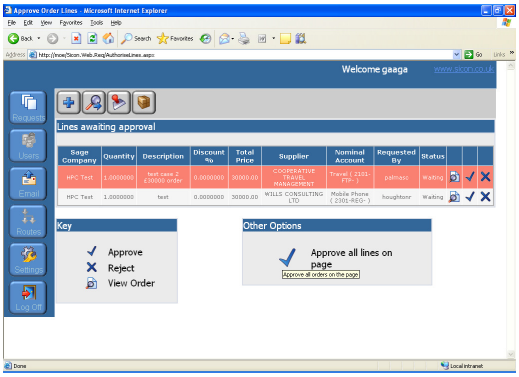
In this example the user has two Purchase Orders to authorise. When a line shows with a red colour, it means that by raising this Purchase Order the user will exceed its financial budget.



There are two options available to use, either to Approve or Reject the order. To approve the Purchase Order, the user needs to select the 'Tick' on the line to approve. To reject the order select the 'Cross'.

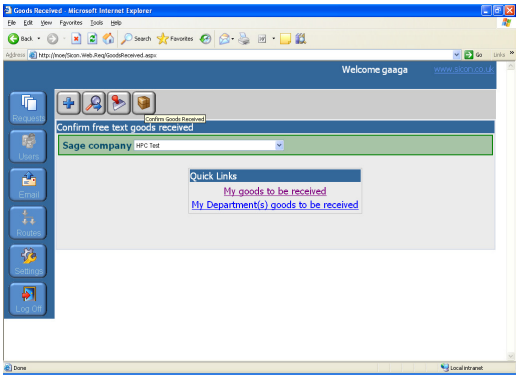


By selecting 'reject', the next screen will prompt the approver to state the reason for rejection. This reason will appear in the email to the original user who raised the Purchase Order.
Finally, select 'Save'.

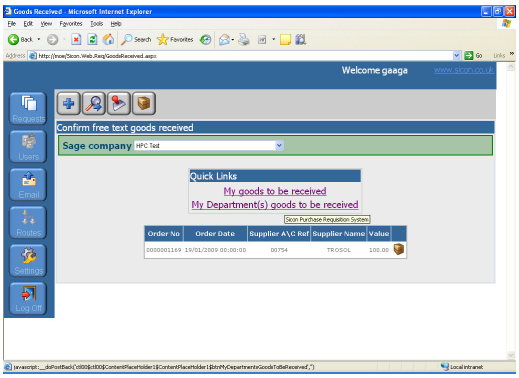


There is an additional facility to make processing faster for the user. If all Purchase Order lines are to be approved, rather than approving Purchase Order lines individually, in the 'Other Options' box, select the 'Tick' .

2.2.7 Confirmation of Goods or Services Received: This allows the users to confirm when the item has been received. Once a purchase order has been goods received, this will authorise the purchase order for payment.



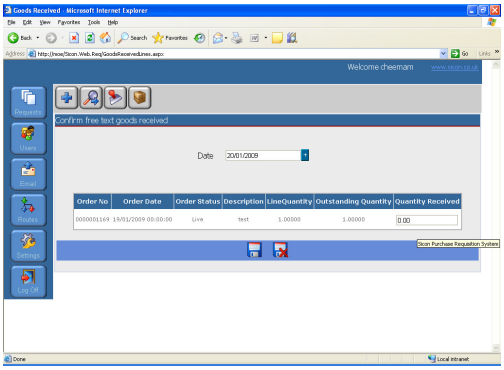
Within the 'Request' section of the panel, choose the fourth icon along the top and select the brown parcel 'Confirm Goods Received'



There are quick links here - one to confirm goods that the user has ordered or to confirm on behalf of the department.

By selecting 'My goods to be received' this will show the user's orders to be received. By selecting 'my department's goods to be received', this will show all orders to be received for that department. Note - One user can belong to more than one department e.g. if a member of a major project team also.

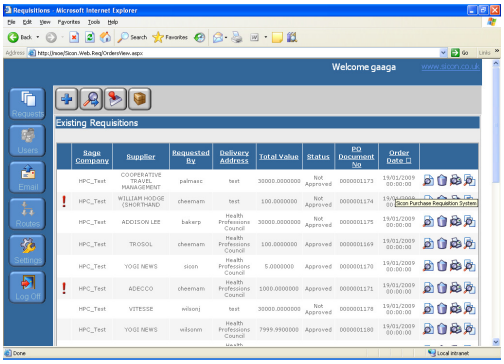
To actually confirm the goods, select the 'brown parcel' icon. This will re-route the screen to the confirmation screen.



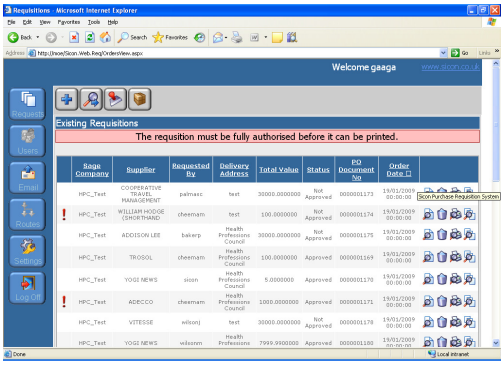
The 'Quantity Received' field is the only field that is open to change. The user can change the quantity received, if say the supplier has not fulfilled the full order. For example, there may be 10 items ordered and the user wants to process a shipment to receive the first 5 of those items. The user will type '5' into the quantity received and then select save.

Once the goods (or services) have been processed, as goods received in PRS, the original user who created the order will be notified by email to say the goods or services have been received.

2.2.8 Printing Purchase Orders: This allows the user to print existing approved purchase orders.



Select on the 'printer' icon from anywhere in PRS. For example in view 'My Requisitions' or 'Departments Requisitions'. PRS will only allow the user to print the Purchase Order once it has been fully approved.



If the user attempts to print the Purchase Order prior to the Purchase Order being approved, PRS will not allow the Purchase Order to be printed and an error message will be posted instead.

Purchase Order will show the document has been approved and show all the necessary details for the user to place an order with a supplier.

2.3 Purchase Ledger

General

There are four main categories of creditors;

1. Council Committee Members
2. Partners
3. Staff
4. Suppliers

Each group has its own expense policy and forms guidelines.

Council Committee Member – Policy on expenses can be found in: Intranet/Finance/Policies & Procedures.

There are 3 categories within Council Committee Members; they can be one of the following:

Category 1 – these CCM's are on HPC payroll and must follow procedure for CCM on PAYE.

Category 2 – these CCM's claim through their employer and invoices will be send direct to finance. CCM's can still claim for expenses but must follow CCM Non-PAYE.

Category 3 – these CCM's are registered self-employed they will claim using CCM Non-PAYE also.

Partners –Policy on expenses can be found on G:\Finance_Polices & Procedures\Finance Policies\Current policies
Partners include visitors, assessors, panel member or chairman; they are registered self-employed for the work they carry out for HPC. All fees and expenses will be paid gross. All partners are recommended to use a Partners Expense Claim form.

Staff – Policy on expenses can be on Intranet/Finance/Policies & Procedures. Staff expenses are paid differently to suppliers. Refer to Section 2.4.

Suppliers – All Sage suppliers must be on the Lotus Approved Supplier List. A supplier which is not on the list must follow the one off payment procedure (See Section 2.4). Maintenance of the list is the responsibility of the individual budget holder, as only the authorised Budget Holder for the department can add an Approved Supplier. (See Section Procurement 2.1)

HPC has an account with Co-operative Travel. The company has a copy of the Expenses Policy for each category and will only provide travel or accommodation according to what category they are in.

All travel and accommodation booking made will be invoiced to HPC.

Invoices

Invoices are received by post and electronically to the finance inbox. The finance inbox should be checked on a daily basis. When invoices are received they are date stamped with the date only stamp or the date and code stamp. The date code stamp is used for suppliers that will not be on PRS and for Partners that have not used our invoice template. All invoices are stamped with the unique reference number, this is used for filing. Invoices that relate to electronic purchase orders should be separated to be allocated.

2.3.1 Recording Invoices and Credit Notes with No Purchase Order

See section 2.2 for exceptions that do not require a purchase order. Once invoices are received and stamped with the code stamp and unique reference number, the following information must be completed before entry in Sage;

PL Ref: Sage account number (For suppliers enter the first 3 letters of supplier name, for Partners and CCM enter the first 3 letters of their surname)

Nominal Code: Department expense code. (G:\Finance\Operational Date\Purchase Ledger\Nominal Code List)

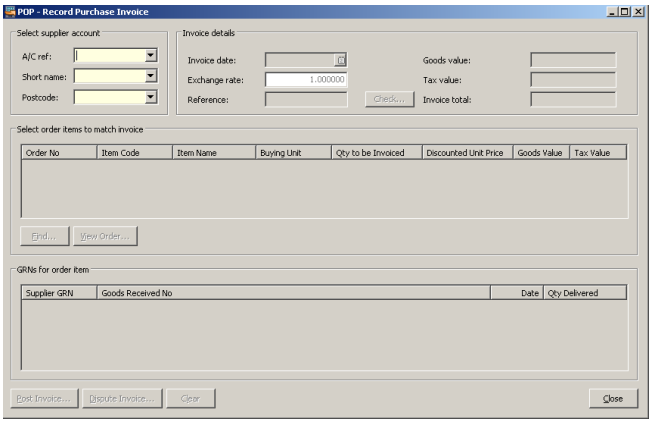
Supplier invoices must be checked for the following;

- Address matches to Sage
- Amount

Partners and CCM Claims must be checked for the following;

- Fees and expenses claimed are in line with expense policy
- Receipts are attached for all expenses over £5
- Post code should be included for mileage claim (verification for mileage claim should be done by using website such as AA or RAC router)

In Sage select Purchase Ledger\Enter Transactions\Invoice

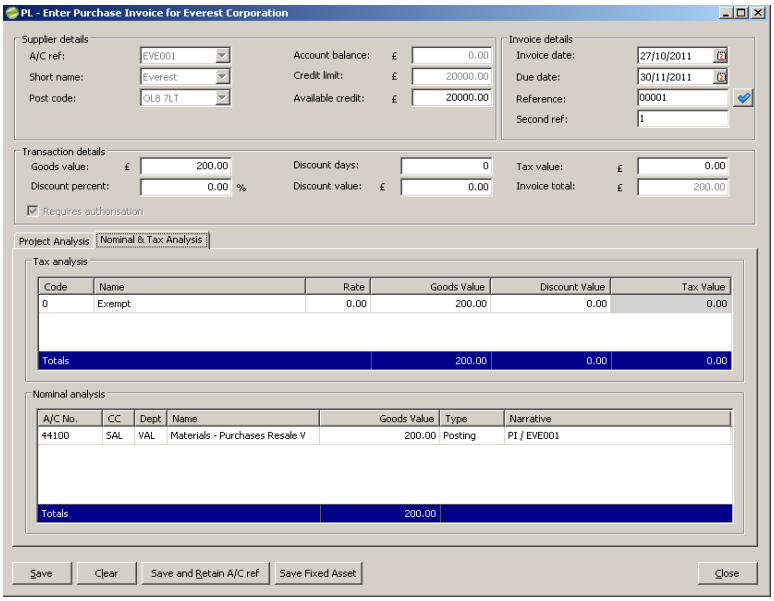


A/C ref: Sage account number
Invoice date: Tax date on invoice
Reference: Unique reference number (which is the internal stamp within Finance)
Second ref: Invoice number (For Partner & CCM claims used type and date of meeting eg. PNL 01.01.11). See short narratives below:

PNL = Panel
COU = Council Meeting
MTG = Meeting other
FRC = Finance & Resources Committee
COM = Communication Committee
AUC = Audit Committee
HEA= Health Committee
EPC = Education Panel Committee
ETC = Education and Training Committee
REG = Registration Committee
VISIT + Name of University = Approval visit
MAJ CHG + Name of University = Major Change
REG APP = Reg Appeal (FTP)
ANL MONITOR = Annual Monitoring Day
ANL MONITOR SUB = Annual Monitoring Submission

Goods value: This should be the Gross Amount
Require Authorisation: Leave ticked (the tick should be selected by default)

Within the Enter Invoice page, Select Nominal and Tax Analysis tab (this is the second tab in the middle of the page)



Enter nominal code in the nominal analysis section.

Then save.

Invoices are then sent to the relevant Department Budget Holder for authorisation. All authorised invoices are then sent back to the Finance department.

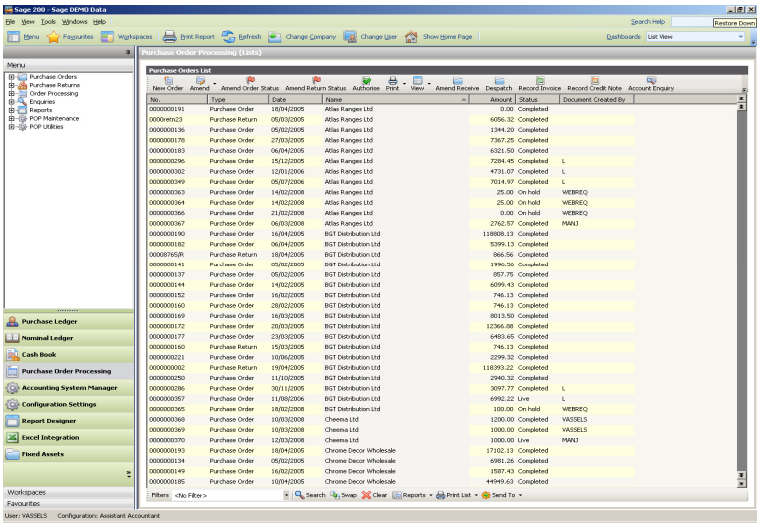
2.3.2 Recording Invoices with PRS (electronic) Purchase Order

For supplier not on the exception list, an electronic purchase must be raised. See section 2.2.

Once invoices are received they are stamped with the date only stamp and the unique reference number.

PRS electronic purchase order number must be quoted on each invoice. Before an invoice is allocated to a purchase order, the purchase order must be fully approved and goods received. Authorisation and goods receiving of a purchase order is done in the PRS system; see section 2.2

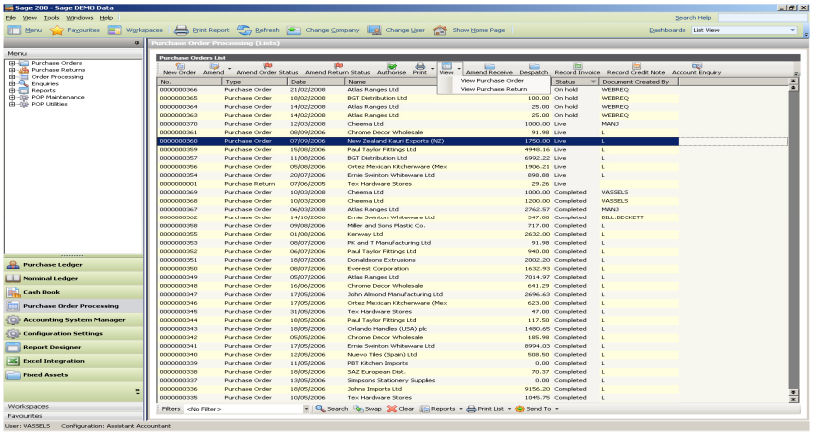
To check a purchase order is approved and goods received in Sage select ‘Purchase Order Processing’



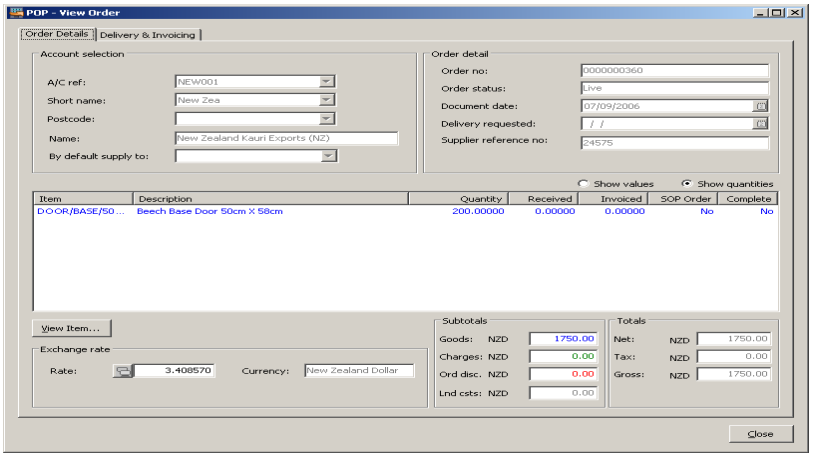
This shows a list of all purchase orders raised in the PRS system. In the status column there are three options;

On hold – Purchase order is pending approval by Budget Holder
Live – Purchase order is approved by Budget Holder
Completed – Purchase order is approved and invoice allocated

To check a purchase order with a 'Live' status is goods received. Select purchase from the list of purchase orders. At the top of the Purchase Order Processing page select 'View' then 'View Purchase Order'

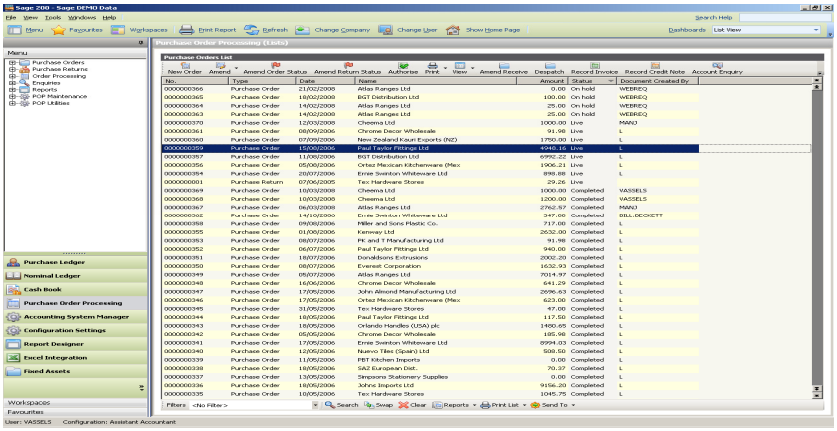


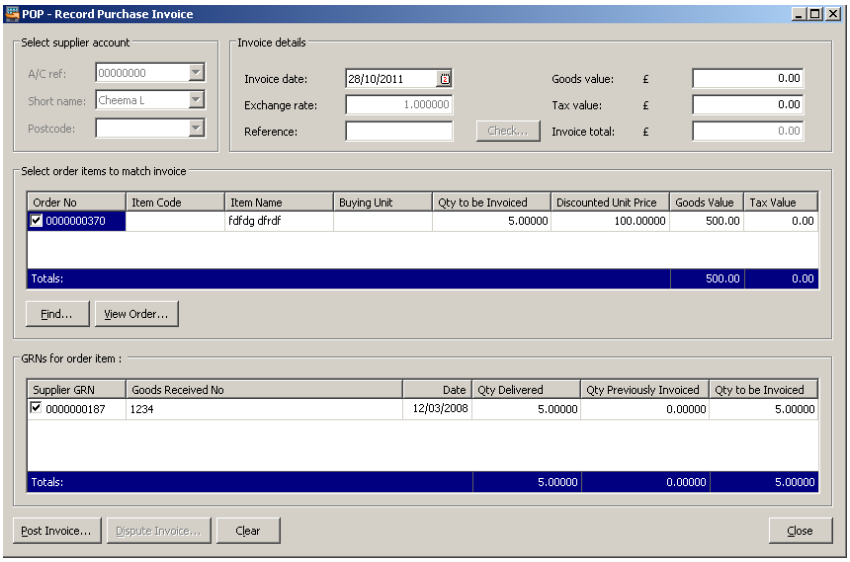
From the 'Order Detail' tab select 'Show quantities'. This shows quantity ordered, received and invoiced.



If the purchase order is not goods received a copy of the invoice must be scanned and an email sent to the individual/department that placed the order requesting them to goods received the purchase order. If the order is being disputed it can be placed on hold for further investigation.

To record an invoice to a purchase order that has been goods received, select the Purchase Order you have received an invoice for. Then select 'Record Invoice' from the top of the Purchase Order Processing page.



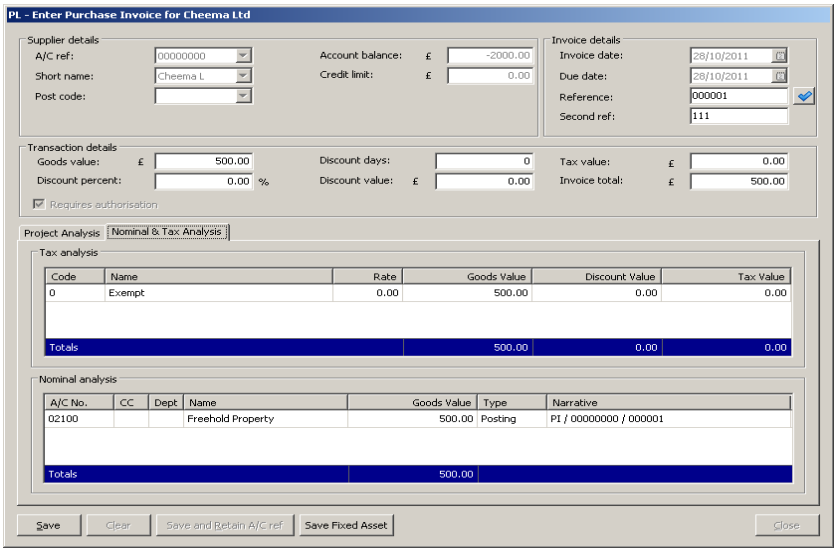


The following field must be completed;

Invoice date: Tax date on invoice
Reference: Unique reference number (which is the internal stamp within Finance). Details required are:
PL Ref: This is the purchase ledger number
Authorised: This is where the Budget Holder will authorise (manually sign)
Middle Section: Todays date (automatically prints)
>£8000: Where Chief Executive will sign if invoice over £8000
>£25000: Where President will sign if invoice over £25000
Nominal code: The code where the expense will debit/credit
Goods value: This should be the Gross Amount

The gross amount on the invoice can be less that the purchase order amount. An invoice can be received for a specific percentage of the work completed. In this case amend the 'qty to be Invoiced'. To calculate an invoice amount received at a percentage of the purchase amount; see example below.
Invoice amount £200
Purchase order amount £700
Percentage = 200/700 = 0.2857

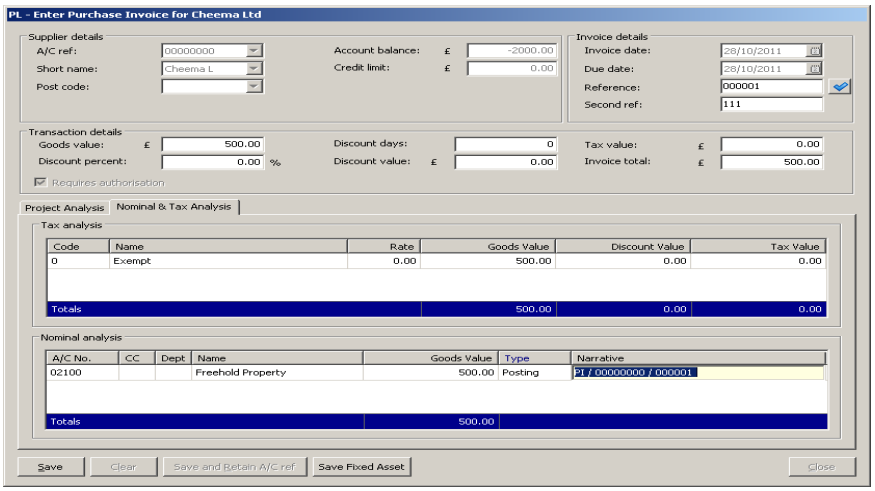
Then select 'Post Invoice'.



The following field are required;

Second ref: Invoice number
Require Authorisation: Remove tick (the tick should be selected by default)

Within the Enter Invoice page, Select Nominal and Tax Analysis tab (this is the second tab in the middle of the page)



In the narrative tab enter as much detail about the work being invoiced for including the purchase order number and date. For standard narratives refer to Section above.

Then ‘Save’

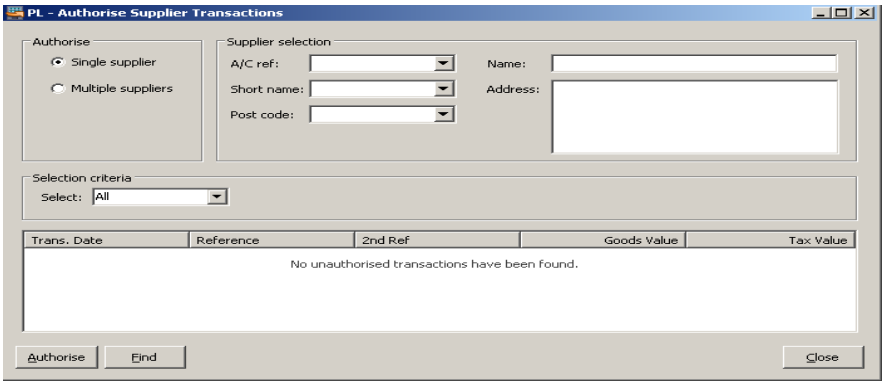
2.3.3 Authorisation of Invoices and Credit Notes

Once authorised invoices are received back in the Finance department the following checks should be done;

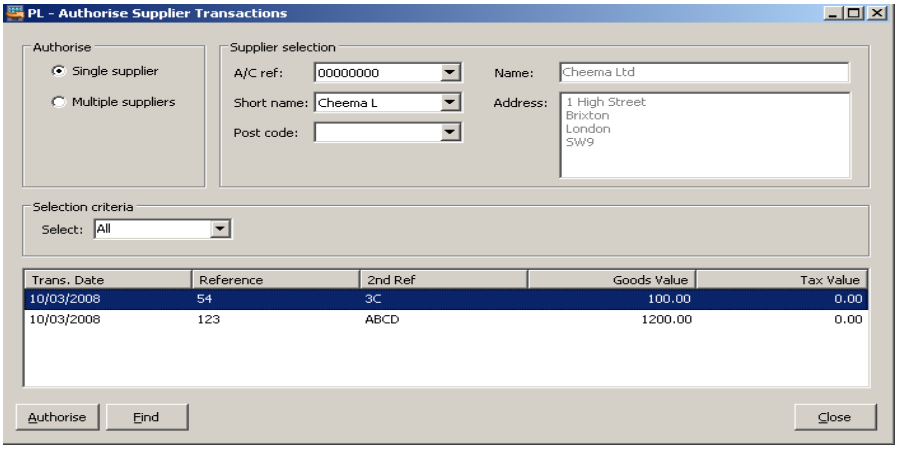
- Check if any changes to the nominal coding
- Signature on invoice matches the signature on Invoice Signatory List
- Invoices are signed by Budget Holder within their approval limited

All invoices, credit notes and expense claims must be authorised in line with HPC Polices and within Budget Holders approval limits before they can be processed for payment. See Section 2.3.4.

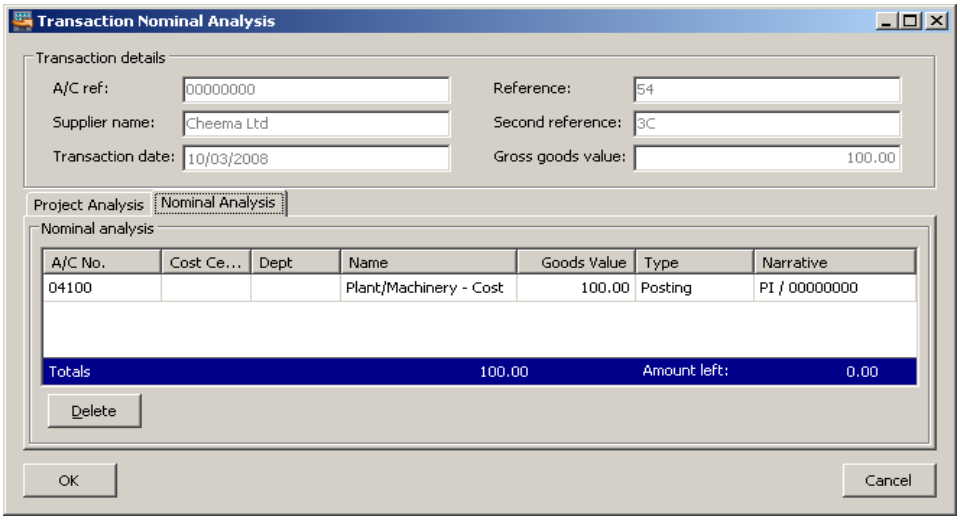
In Sage select Purchase Ledger\Authorisation



Enter A/C ref: Sage account number



Select invoice to be authorised for payment then click ‘Authorise’



Select Nominal Analysis tab

Check nominal coding and make amendment if necessary. Within the nominal analysis tab select narrative tab.

In the narrative tab enter as much detail about the work being invoiced for including dates where possible eg. Panel 01.01.11 or contract renewal Sept11-Aug12

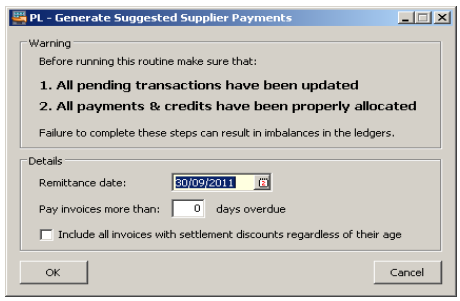
Then click OK.

2.3.4 Payment Run

The payment run is carried out as stated in the **Purchase Ledger Payments Dates**. Dates are available Intranet/Finance/Payment dates. Payments credit supplier bank accounts on the 1st and 15th of the month. Where 1st or 15th fall on the weekend or a non-crediting day (such as bank holidays) funds will credit the following working day.

In Sage, select the file path:

Purchase Ledger\Period End Routines\Payment Processing\Generate Suggested Report



Remittance date**:** This is the day the payment run is created. For example payments crediting the 15th of the month, will be created say on the 13th, so the remittance date will be the 13th.

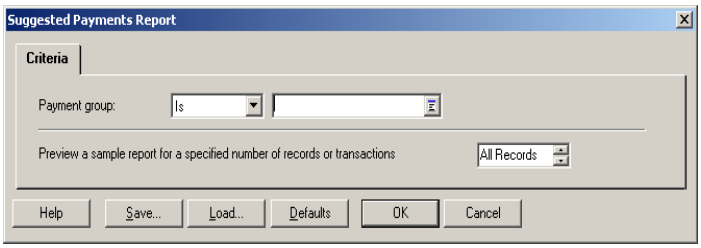
Then OK

Message: A suggested payment file already exists. Do you wish to remove it? YES

Confirmation required: The suggested payments have been successfully generated. Do you wish to produce the Suggested Payment Report? NO

Print Suggested Payment Report

The suggest payment report is split into four payment reports:
0: BACS CCM & Partner Payment
1: Cheque CCM & Partner Payment
3: BACS Supplier Payment
4: Cheque Supplier Payment



Print suggested payment report for those being credited direct into their bank account:

Choose Report Suggested Payment from the panel and the left hand side. From the drop down change payment group from All to Is then choose **0 for BACS CCM & Partner Payment.** Then OK.

Repeat the above process choose 3: for BACS Supplier Payment.

Then OK

Print suggested payment report for Cheques

Choose Report Suggested Payment from the panel and the left hand side. From the drop down change payment group from All to Is then choose **1 Cheque CCM & Partner Payment.** Then OK.

Repeat and choose 4 for Cheque Supplier Payment.

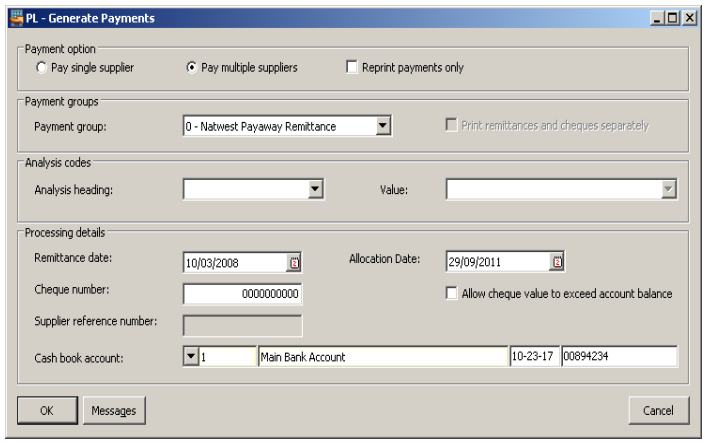
Then OK

Review the Suggest Payment reports, checking suppliers, amounts and duplicate claims or invoices.

Any changes should be made and repeat the whole of Section 2.3.4.

Generate Payment

Select file path: Purchase Ledger\Period End Routine\Payment Processing\Generate Payment



BACS CCM & Partner Payment

Payment option → **Pay Multiple Supplier**

Payment group → **1 – BACS CCM & Partner Payment**

Analysis codes → Leave blank

- Processing details → Remittance date → Date payment credit a/c
- Allocation date → Leave as today's date
- Cheque Number → Enter next number in sequence from last Remittance number

  Allow cheque value to exceed account balance → TICK (always)

Then OK

Payment Confirmation Check number of payments been made and amount. Select 'Show Details' and print report. Then OK

This will produce a file, in a CSV format. Save the file in G:\Finance\Sage E-Payment\Purchase Ledger.

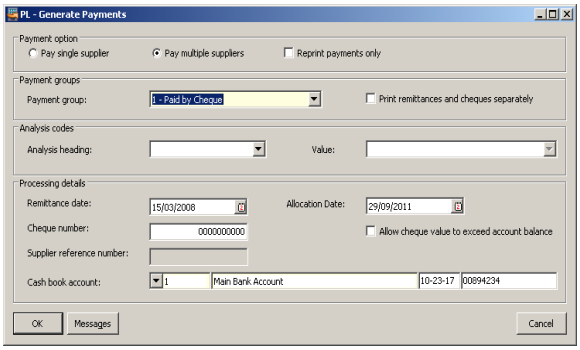
Follow banking procedure. See section 2.3.5

BACS Supplier Payment

Repeat section 2.3.4 and change Payment Group to "**3 – BACS Supplier Payment**"

Cheque CCM & Partner Payment

Select file path: Purchase Ledger\Period End Routine\Payment Processing\Generate Payment



Payment option → **Pay Multiple Supplier**

Payment group → **1 – Cheque CCM & Partner Payment**

Analysis codes → Leave blank

- Processing details → Remittance date → Change to today's date
- Allocation date → Leave as today's date
- Cheque Number → Number on cheque
  Allow cheque value to exceed account balance → TICK (always)

Then OK

Cheque Supplier Payment

Repeat section 2.3.4 and change Payment Group to "**4 – Cheque Supplier Payment**"

2.3.5 Banking Procedure

All bank credits are paid through Lloyds Link.

Lloyds Link (payments)

Lloyds Link is a web based program sponsored by our current bankers to allow BACS payments to be made. Lloyds Link is used to make payments only, such as purchase payments, salary payments, staff expenses etc.

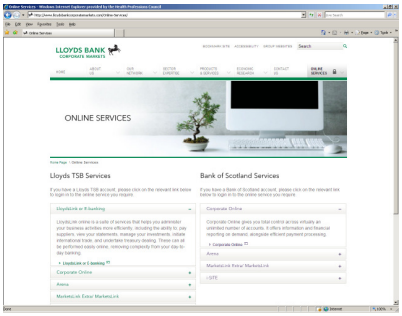
Only authorised personnel are able to use Lloyds Link services, currently this is:

- Finance Director — Submit & Authorise
- Financial Controller — Submit & Administrator
- Financial Account — Submit & Administrator
- Assistant Accountant — Submit
- Finance Officer — Submit
- Purchase Ledger Officer — Submit
- Director of IT — Authorise
- Director of Operations — Authorise
- Director of Education — Authorise
- Director of Communications — Authorise
- Director of HR — Authorise
- Chief Executive — Authorise
- President — Authorise
- Chair of F&R Committee — Authorise

Authoriser's have their limits and rights decided by the HPC bank mandate: Copy of bank mandate is available on Intranet/Finance/Policies & Procedures.

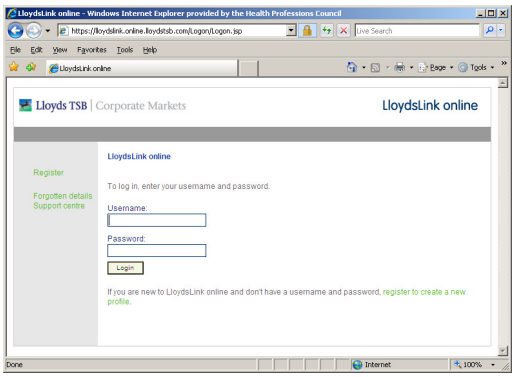
Access to Lloyds Link

http://www.lloydsbankcorporatemarkets.com/Online-Services/

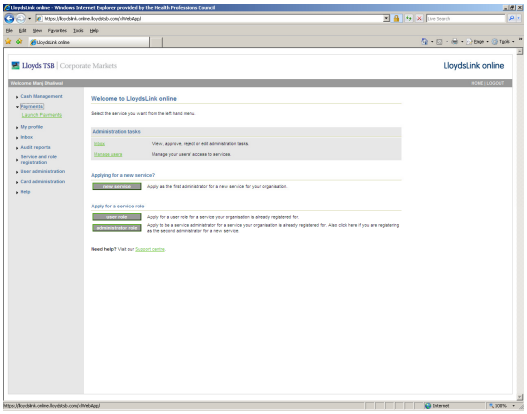


How to Submit Payment Files

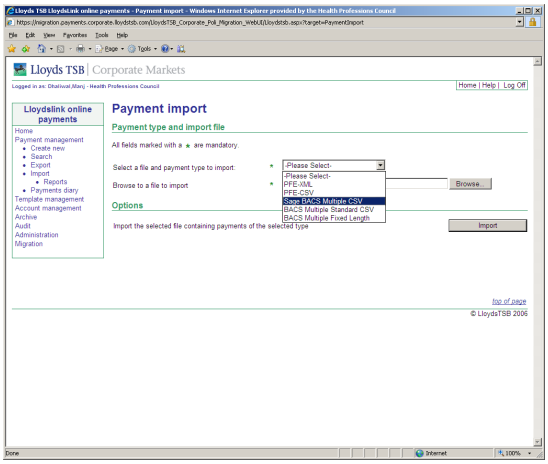
Each user has a user name and password. Files are automatically created in the correct format to up load into Lloyds Link, both Sage accounting and Sage payroll. Files created for Staff Expenses and One off payments – see Section 3.



Select ‘Payments’ and then ‘Launch Payments’, this will launch a new payments page



Then select ‘Payment Management’ and then chose ‘Import’ from the five options listed.



From the ‘Payment Import’ page, choose the following:

Select a file and payment type to import: Sage BACS Multiple CSV
Browse file to import: Select the file which was created for the payments
Then select 'Import'
Then 'refresh' the web page

This should now launch 'Payment Import Summary' – Cross reference:

Successful payments imported: these match to what the original file created
Overall: the number of payments and amount match original report

File/payment validation details: if account name is over 30 characters, Lloyds link will truncated the name. If any errors show up, these need to be investigated. The file will need to be cancelled and removed:

To remove/cancel a payment file: Go to Options and then select 'Cancel' - This will remove and the file and take the screen back to the original import payments page.

To upload a successful file:

Go to Payment batch information:

Populate account with current account details
Enter in the 'value date' which is the day the funds will credit
Payment Reference: Give the payment file a name for example Oct Salary or Purchase Payment
Then Go to 'Options' and then select 'Continue'

This will launch the 'Payment Import Report' page and show up loaded payment file.

Select payment file by selecting 'details'. You may need to refresh the page, as it is a web based program. The refresh button used should be from Lloyds Link and not the general 'refresh' on the browser.

By selecting 'details' this will bring up 'Payment Batch Details: This page will show:

Name: Name of person who created the file
Status/State: Status of the file
Reference: Unique Batch Number
Date: date created

From the 'Options' section, if the details are correct, select 'Publish'. If file is incorrect select 'Delete'.

Once a payment file is published, this file will be available to all approvers listed above to approve.

Approving

All approvers have user name and passwords. When they access Lloyds Link, the first home page will show all pending payment files for authorisation. Before the approver can authorise they will need access to a number security pad (which looks like a small calculator).

The approvers need to select the file and select 'approve' then the system will pop up a challenge. The challenge is where the approver has a security pad, they will need to enter their security pin and create a number. This number will then be entered onto the screen. Then select approve.

The number of approvers will depend on the value of the payment file – refer to Intranet/Finance/Policies & Procedures/Banking arrangements.

2.3.6 Supplier Statement & Queries

On receipt of any supplier statement, the Purchase Ledger Officer should check each invoice on the statement. If paid, tick the statement and state the date paid.

If any invoices are outstanding, investigate and contact the supplier and request a copy invoice and if necessary contact the Line Manager/Budget Holder or person who placed the order.

When all invoices on a statement are ticked off as paid and the date noted, file in the Supplier Statement' file.

2.3.7 Preparing for Month End

In Sage select file path: Purchase Ledger\Reports\Accounts Analysis\Unauthorised Transactions and PRINT the report. This list all invoices in the control account pending authorisation.

Chase any outstanding amounts with the appropriate Budget Holder.

Following the final payment run of the month, in Sage select the following file path:

Purchase Ledger\Reports\Payment Control\Age Creditor (Detailed) and Print the report. This list all aged creditors over 30 days.

The Assistant Accountant should review the report for:

Reason for any creditor amounts over 30 days
Large amounts
Duplicate postings
Unallocated direct debits

Any discrepancies resolved, adjustment should be made, report reprinted and reviewed again.

The report should be signed off as evidence of the review by the Management Accountant. In absence of the Financial Controller the report should be reviewed and signed by the Finance Director.

2.3.8 Purchase Ledger Control Account Reconciliation

At the end of the month:

Print the Purchase Ledger Control code (6301) balance and the Aged Creditors report, the balance of each should be the same. Any differences should be investigated.

Documentation should be signed to evidence reconciliation and review by the Financial Controller.

Print the Unauthorised Control code (6302) and the Unauthorised Invoice report, the balance of each should be the same. Any differences should be investigated.

Documentation should be signed to evidence reconciliation and review by the Financial Controller.

The Purchase Ledger should then be closed off (See Management Accounts)

2.4 One off Payments

A one off payment is a payment to a declined suppler (as per criteria in Section 2.1). The services are only to be required once, but this may have one or more payments to be paid upon. These invoices are paid weekly, processing on a Wednesday to credit the Friday.

All invoices and claims must be date stamped and logged in the schedule in the following location.

G:\Finance_Operational Data\Purchase Ledger\Manual Payments

There is a number of different one off payments:

2.4.1 Witnesses

Witnesses are required at hearings and will submit claims accordingly for expenses incurred in the course of attending the hearing.

Ensure that all receipts are accounted for and that claims are in accordance with Witness Policy. Refer to Intranet/Finance/Policies & Procedures.

All witness claims are sent to the Fitness to Practice department for authorisation.

The Fitness to Practice department should ensure that the witness was indeed scheduled to attend the hearing and that all contents of the claim were agreed to prior to the hearing date.

Update schedule (G:\Finance_Operational Data\Purchase Ledger\Manual Payments) for all invoices and claims as returned authorised for payment and indicate method of payment. File according to method of payment.

2.4.2 Candidates

Candidate attending Partner interviews are reimbursed for their travel expenses incurred up to £150.00.

All claims are sent to the Partners department for authorisation.

Update schedule (G:\Finance_Operational Data\Purchase Ledger\Manual Payments) for all invoices and claims as returned authorised for payment and indicate method of payment. File according to method of payment.

2.4.3 Season Ticket Loans

Season ticket loan forms are completed by employees wishing to purchase an annual ticket, which will be deducted from their salary via the Payroll process (see Section ** Payroll). Forms can be printed from Intranet/Finance/Forms.

Employees have to pass probation before applying for the loan. Loan can only be issued to the maximum value of £5000.00 (as per HMRC interest free loans). Loans have to be issued to the travel provider and it is the responsibility of the employee to state the correct name for the cheque to be issued to.

Season Ticket Loan forms should be signed by the employee, Line Manager and handed into Finance department to be authorised by the Director of Finance. In the absence of the Finance Director, the Financial Controller and Human Resources Director will authorise the loan.

A copy must be used for the payment process and the original placed in the payroll file to allow for the deduction to be made in payroll.

2.4.4 Declined Suppliers

In order for a payment to be raised for a declined supplier, attach 'Payment Request Form' to invoice. Forms can be printed from: Intranet/Finance/Forms.

The Payment Request Form needs to be completed and signed by an authorised invoice signatory from the relevant department. For authorised signatures refer to Intranet/Finance/Policies & Procedures/ Purchase Order/Invoice Signatory List.

Invoice and Payment request Form, along with the print out from the Suppliers database, showing it is a declined supplier is required. All these need to attached and returned together with the authorised invoice for payment.

If the Payment Request Form is signed by a Departmental Budget Holder with signing limit of £8000, they cannot request the payment. The person requesting payment and authorising cannot be the same except for those with signing limit of £1000, these signatories can both raise and approve.

Update schedule (G:\Finance_Operational Data\Purchase Ledger\Manual Payments) for all invoices and claims as returned authorised for payment and indicate method of payment. File according to method of payment.

2.4.5 Employee Expenses

In order for employees to claim back business expenses, they need to fill in an Employee Expense form. Forms can be printed from: Intranet/Finance/Forms.

Employee expenses must be handed into the Finance Department no later than 5pm on the Tuesday of each week for payment to credit accounts on the Friday of each week. Claims are filed with one off payments to be made.

Employee expenses must adhere to HPC policies, which are available on the Employee Handbook found in Intranet/Human Resources/HRInfo.

Full explanation as to why expenses were incurred must be clearly stated. Where employees claim expenses for entertaining they must list the party members who attended the meeting or event etc. Staff must ensure that all itemised receipts above £5 are presented together with their claim form. However, if receipts are damaged or missing, then a Lost Receipt Form must be completed and presented with the claim. Debit/Credit card receipts are not permitted and thus staff must complete the lost receipt form.

The Lost Receipt Form can be found in: Intranet/Finance/Forms.

Employees must have their claim approved by their Line Manager. Both signatures must be present on the form the employee and manager.

All claims must be date stamped once received. Claims must be checked through for correct receipts and signatories and that they are in accordance with Employee Expense Policy. Policies can be found in Intranet/Finance/Policies and Procedures.

Employee Expenses must be recorded in Excel: G: \Finance_Operational Data\Purchase Ledger\Weekly Payments\Weekly Payments April 2011-March 2012

Create a new tab for the current week and rename as per today's date (Wednesday of each week).

Enter all claims ensuring the following items are correctly entered. Employee bank account details are requested from the Assistant Accountant.

Sage Account Number/Full Employee Name/Amount Claimed/Bank Account Details

All employee claims must be entered on to the Purchase Ledger. Please refer to Section 2.3.

Chief Executive Expense Claims

The Chief Executive's expense claims must be authorised and signed by the Council Chair and the Director of Finance and these claims are filed separately.

Executive Management Claims

Executive Managers must have their Expense Claims authorised and signed by the Chief Executive. In the absence of the Chief Executive, any three members of the EMT may authorise the claim.

2.4.6 Payment Process

Payment for all one off payment can either paid through Lloyds Link online payment or via cheque.

Lloyds Online Payments

A CSV file must be created to upload claims onto Lloyds Link for online payment.

To Create an excel file, the following information is required.

- Sort Code
- Account Number
- Full Employee and/or Supplier Name
- Amount Claimed

Note: a maximum is 18 characters per field.

All this information is saved in the schedule G:\Finance_Operational Data\Purchase Ledger\Manual Payments.

Save as a CSV file in

G:\Finance_Operational Data\Purchase Ledger\Weekly Payments\Weekly Payments April 2011-March 2012\BACS Payments April 2011-March 2012

Then Upload the CSV file onto Lloyds Link

Select: Payments>Launch Payments>Payment Management>Import

Then Select: ‘Sage BACS Multiple CSV’, browse for the relevant file and ‘Import’

Select the following details accordingly

Debit Account Number List, Value date (date accounts to be credited, Friday of that week), Payment Reference (‘BACSTAFEXP&PYT (date)’)

Print details of payment before publishing the file for authorisation. Check through that all details and amounts are correct.

Print weekly payment schedule and hand all documents to Financial Controller to authorise the payments.

Once signed as checked, publish payments for authorisation by relevant signatories, in line with the Bank signatures: Refer to Intranet/Finance/Policies & Procedures/Banking arrangements.

First approver must check and send file for further approval followed by the Second approver must double check, approve and submit file to the bank. Once file has been submitted, print confirmation and attach to payments schedule. File is ‘completed’ status means the file has been accepted by the bank. ‘Submitted’ and ‘Pending’ status means they have not been accepted.

Cheque Payments

Cheques are kept in a safe found in the Finance Department.

The cheques must be signed in line with Bank mandate requirements. Refer to: Intranet/Finance/Policies & Procedures/Banking arrangements.

Should signatories be unavailable to sign, cheques must be left in the safe at all times. Photocopy cheques and attach to the front of the document. File in ‘Direct Payments’ folder.