# Shropshire Community Health NHS Trust

Policies, Procedures, Guidelines and Protocols

| Document Details | |
|---|---|
| Title | **Finance Procedure M2: Accounts Payable – Payment Processing** |
| Trust Ref No | 877-60096 |
| Local Ref (optional) | |
| Main points the document covers | The process for making payments for authorised invoices |
| Who is the document aimed at? | Accounts Payable staff in Finance for the processing and managers/staff for details of payment times/frequencies |
| Author | David Court, Head of Financial Accounting |
| **Approval process** | |
| Approved by (Committee/Director) | Director of Finance |
| Approval Date | January 2023 |
| Initial Equality Impact Screening | Yes |
| Full Equality Impact Assessment | No |
| Lead Director | Sarah Lloyd |
| Category | Finance |
| Sub Category | Finance Procedures |
| Review date | January 2026 |
| **Distribution** | |
| Who the policy will be distributed to | Distributed to senior staff as defined by directors |
| Method | Electronically to senior staff & available to all staff via the Trust web-site |
| **Document Links** | |
| Required by CQC | |
| Required by NHS Resolution | |
| Other | |

| Amendments History | | |
|---|---|---|
| No | Date | Amendment |
| 1 | January 2014 | Changes as a result of GBS & removal of references to PCTs |
| 2 | January 2017 | 1) Amend name for inter NHS account transfers throughout<br>2) Para 3.9 & 3.10 & 4.2: reflect current RBS procedures |
| 3 | January 2020 | Added payment process and sign off whilst remote working |
| 4 | January 2023 | Removed RBS and replaced with Natwest and Updated to reflect remote working as now business as usual. |

# Shropshire Community Health NHS Trust

**Finance Procedures**

**Section M     Payables**
**M2           Accounts Payable – Payment Processing**

---

### 1 – Introduction

1.1      Payments are generated in the Oracle Accounts Payable sub-ledger by one of several methods and at a frequency to ensure targets are met. This procedure details the processes involved.

### 2 – Method and frequency of payments

2.1      Each supplier in the Accounts Payable sub-ledger is set up with one of three default methods of payment – figures in brackets are the names in Oracle: -
   - BACS (Electronic) – payment is directly into the supplier's bank account, and is therefore the preferred method of payment for non-NHS suppliers
   - Cheques (Check) – for where the Trust has no bank details
   - Inter Account Transfers - IATs (Wire) – payment is transferred directly between GBS accounts and is therefore used for all NHS suppliers.

   These defaults may be overridden for individual payments if required.

2.2      The Trust is required to comply with the Better Payment Practice Code which states that all creditors should be paid within 30 days of either the receipt of the goods or receipt of a valid invoice, whichever is the later. The Trust does however pay all invoices as soon as they are authorised for payment.

2.3      The frequency of payment runs is as follows: -
   - BACS – generally every Tuesday and Thursday
   - Payable orders – generally every Thursday
   - IATs – 3 times a month.

### 3 – Payment runs

3.1      When generating a payment run, all Accounts Payable reports and updates are generated by the Financial Accountant.

3.2      Payments are made in batches, with a separate one for each payment type. Invoices are automatically selected for payment and the payment run is built.

3.3      The first stage is a preliminary Payment Register report. This shows all invoices payable by a particular method. The Financial Accountant reviews it to make sure that everything looks correct, making amendments if required. This report is then saved to a payment folder held on the finance library.

3.4      The amount due to be paid is then checked with the Financial Accounting Manager to confirm that there are sufficient funds to cover the payments.

3.5     The payment run is then formatted. This generates the cheque print, the BACS payment file or IAT payment file. Remittances are also generated which are e-mailed or printed for BACS and IATs, and the cheques are posted.

3.6     A final Payment Register report is generated which lists all the payments made, either with cheque numbers, or with bank details of those paid by BACS or IAT. This should agree to the preliminary report. This report is then saved to a payment folder held on the finance library.

3.7     For BACS payments, the BACS payment file must be transferred via DBBACS. The Financial Accountant logs onto DBBACS and sends the file electronically for processing. A confirmation report from the BACS Payment Service confirms that the payment will take place, and this is saved to the payment folder held on the finance library. The link to the payment folder is then submitted to the two GBS authorised signatories. They both review and email back confirmation of their approval, a copy of the email is then stored with each payment run on the finance library

3.8     At this stage if the signatories wish to cancel any of the payments, then a BACS stop can be put on any payment up to 12:30pm on the processing day, which is always the day following the payment generation.

3.9     For cheques, the final Payment Register report is saved to the finance library and a scanned copy of the printed cheques. The link to the payment folder is then submitted to the two GBS authorised signatories. They both review and email their approval which is saved with the payment documents on the finance library.  The Cheque log held on the finance library and records the cheque numbers being issued/cancelled. (See Finance Procedure I5: Controlled Stationery). The cheques are then posted to the payees.

3.10    For IATs, the IAT payment file has to be transferred via the Natwest portal. The Financial Accountant logs into Natwest and uploads the file electronically for processing. A Natwest payment report is then saved to the finance library and a link is then submitted to the two GBS authorised signatories. The first signatory logs on to Natwest to authorise the payments. They both then email approval, and a copy of the email is then stored with each payment run on the finance library.

3.11    Invoices, credit notes and all relevant backing sheets are scanned into Oracle by Accounts Payable staff, and then the hard copies are filed in invoice voucher number order.

3.12    Payment reports (i.e., the preliminary Report Register, the final Report Register and all authorised reports) are filed saved in the finance library in a folder by date by the Financial Accountant.

## 4 – Faster & Foreign payments

4.1     If a payment is very urgent, a Faster Payment may be used. This is a same day payment directly between bank accounts. An example would be a payroll advance, but all faster payments are at the discretion of the Financial Accountant, Financial Accounting Manager or Head of Financial Accounting. There are times whereby the trust is required to make foreign payments if supplier is not in the UK, the same process is applied as a faster payment.

4.2     The Financial Accountant logs into Natwest and inputs the payment details for the faster/foreign payment. A payment report is then saved to the finance library from Natwest and any paperwork to support payment. Then a link is submitted via email to two GBS authorised signatories, the first signatory logs on to Natwest to authorise the

payment. They both then email back confirmation that they give approval, and a copy of the email is then stored with each payment run on the finance library.

4.3     For audit purposes, the invoice to be paid are registered on the Accounts Payable system.

**References & associated documents**

Payment run schedule/timetable

Reviewed By  _____          Date  _____

Authorised By  _____          Date  _____