

Policies, Procedures, Guidelines and Protocols

Document Details		
Title		Finance Procedure M1: Accounts Payable – Processing of Invoices
Trust Ref No		802-79946
Local Ref (optional)		
Main points the document covers		How invoices are processed for payment by the Finance Department, and managers’ responsibilities in relation to this
Who is the document aimed at?		Accounts Payable staff in Finance and managers/staff responsible for authorising invoices and goods receipting
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Approval process		
Approved by (Committee/Director)		Chief finance Officer
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Lead Director		Sarah Lloyd
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Required by NHS Resolution		
Other		
Amendments History		
No	Date	Amendment
1	January 2014	Expanded para 8 re supplier bank account changes, removal of references to PCTs & minor amendments to terminology
2	January 2017	Amended para 6.2 to reflect current practice re phone bills
3	January 2020	Amendment to 7.4 bank details checked more often
4	January 2023	No changes required

Shropshire Community Health NHS Trust

Finance Procedures

Section M Payables

M1 Accounts Payable – Processing Of Invoices

1 – Introduction

- 1.1 The Trust uses the Oracle Accounts Payable (AP) sub-ledger to process and pay invoices. This procedure details the processes involved in preparing invoices for payment.

2 – Invoice certification

- 2.1 Invoices are received by the Accounts Payable section of the Finance Department, date stamped and distributed to the appropriate AP Assistant.
- 2.2 The invoices are then split into 3 groups: -
- Invoices with order numbers
 - Invoices with no order numbers which have not yet been authorised
 - Invoices with no order numbers which have been authorised.

3 – Invoices with order numbers

- 3.1 AP staff enter the invoice details onto the AP sub-ledger, linking it to the official order. The account code (called the “distribution” in Oracle) is automatically populated from the order.
- 3.2 A bar code is system generated, printed off and attached to the invoice. The invoice is then scanned, and an image attached to the original entry in Oracle.
- 3.3 AP staff then validate and “force approve” the invoice in Oracle.
- 3.4 Once goods/services have been received, managers must “goods receipt” in Oracle. If goods have been receipted against the order in Oracle, and the invoice value matches the order, then the invoice goes straight for payment.
- 3.5 If goods have not been receipted against the order, Oracle sends a workflow e-mail message to the requisitioner stating that an invoice has been received for goods they have ordered and, assuming they have received the goods, they need to receipt them in Oracle to enable the invoice to be paid. Once the goods have been receipted, AP staff go back to the invoice and re-validate it to enable payment.
- 3.6 If the quantity or value invoiced exceeds the quantity or value on the order, the system automatically puts a hold on the invoice, and it is not paid. AP staff will investigate further. Price queries are referred to buyers at the Supplies Department who check with the supplier.
- 3.7 If the invoice price is correct then the order has to be amended to reflect this. This is done in 2 parts by both the requisitioner and purchasing staff. The order then has to be re-validated and re-approved.

- 3.8 If the order price is correct then a credit note is obtained from the supplier. Once this is received it is then allocated to the order, which releases the hold, and the invoice can be paid.
- 3.9 If the quantity invoiced has exceeded the order quantity, the manager is sent a copy of the invoice for authorisation, either by e-mail or manually. The invoice is then re-scanned, or the e-mail attached to the invoice.

4 – Invoices with no order numbers to be authorised electronically

- 4.1 AP staff enter the invoice details in batches onto the AP sub-ledger.
- 4.2 If the account code/distribution is known it is entered at this time. A barcode is system generated, printed off and attached to the invoice, which is then scanned. Oracle then uses the requisitioning/invoice approval hierarchy to send the invoice electronically to the appropriate manager for approval.
- 4.3 The manager either approves the invoice electronically (which automatically sends the invoice for payment) or rejects it, giving a reason. Once a dispute is resolved, the invoice is either re-sent for approval electronically or a part credit received, or the invoice is cancelled.
- 4.4 If the account code/distribution is not known, invoices are still barcoded and scanned but then they are sent to Management Accounting for coding. When they are returned with codes, the procedure in 5.2 and 5.3 is adopted.

5 – Invoices with no order numbers to be authorised manually

- 5.1 It should be rare that invoices are authorised manually as the intention is for electronic approval in Oracle to be used where possible.
- 5.2 Before being sent out these invoices are entered onto the system, barcoded and scanned. When they are returned authorised, they are validated and force approved, then re-scanned so the invoice image in the ledger has the authorising signature on it.
- 5.3 The Authorised Signatory Database, which shows employees who are authorised to sign various financial documents, including invoices, should be used to ensure that only signatures included on these lists are accepted as authorisation for payment of an invoice.

6 – Payment

- 6.1 The Financial Accountant generates payment runs regularly. The frequency and process is outlined in Finance Procedure M2: Accounts Payable – Payment Processing. Oracle automatically picks up all invoices which have been cleared for payment.
- 6.2 Mobile phone bills managed under EE Onebill are paid without being authorised, as budget managers have direct access to the monthly reports and are responsible for keeping the data up to date to ensure the charges are accurate.
- 6.3 Periodic payments for rent, telephones and utilities are recorded by the AP staff on a spreadsheet on the Finance shared server.

- 6.4 Any discrepancy or query is investigated promptly. If the problem is not resolved within a reasonable period of time such that payment targets will not be met, the supplier is informed why payment is delayed.

7 – Amendments to the supplier database

- 7.1 The Financial Accountant is the finance officer who can set up new suppliers in Oracle and make supplier name changes (done through the Supplier Header).
- 7.2 AP Assistants can amend the bank details of existing suppliers and enter details for new ones after they have been set up. Amendments are actioned by end-dating existing bank details and adding new ones so an audit trail can be seen.
- 7.3 When notification of a bank account change is received from a supplier, to ensure this is not fraudulent, prior to the change being made in Oracle, an independent check is made. This involves one of the AP team contacting the supplier using the existing contact details held in Oracle to confirm the change. The amendments notification is then stamped with the Confirmation of Change in Bank Details stamp to ensure that appropriate details of the check are recorded.
- 7.4 A Discoverer report is generated once a week (where cover allows, min two a month) which shows all additions and amendments to bank details. This is independently checked back to the supplier details in the ledger, via the scanned invoice image containing the bank details or a paper notification from the supplier, by a Financial Accounting Assistant not in the AP section, who does not make any supplier additions or changes. They also check that the stamp referred to above is there and has been completed fully. This is also initialled by the Financial Accountant to confirm this has been checked.

8 – Uncleared payments

- 8.1 AP staff check their uncleared invoices regularly, and take action as required in relation to rejected invoices, invoices acquiring re-approval, and goods not receipted. If a problem persists, it should be brought to the attention of the Financial Accountant and then the Financial Accounting Manager.
- 8.2 The Financial Accountant generates several Discoverer reports monthly which pick up any invoices which have been initiated or rejected, where approval is required, where there are no distributions (i.e., account codes) attached, and those awaiting payment. Investigations are made to rectify any problems so that invoices can be released for payment.

References & associated documents

Detailed Oracle procedure notes on invoice approval and goods receipting
Authorised Signatory Database

Reviewed By _____

Date _____

Authorised By _____

Date _____