

Policies, Procedures, Guidelines and Protocols

<b>Document Details</b>		
<b>Title</b>	<b>Finance Procedure R2: Accounts Receivable: Month End Update</b>	
Trust Ref No	810-53289	
Local Ref (optional)		
Main points the document covers	Procedures to be followed & reports to be generated at the month end	
Who is the document aimed at?	Accounts Receivable staff	
Author	David Court, Head of Financial Accounting	
<b>Approval process</b>		
Approved by (Committee/Director)	Director of Finance	
Approval Date	May 2022	
Initial Equality Impact Screening	Yes	
Full Equality Impact Assessment	No	
Lead Director	Sarah Lloyd	
Category	Finance	
Sub-Category	Finance Procedures	
Review date	May 2025	
<b>Distribution</b>		
Who the policy will be distributed to	Distributed to senior finance staff as defined by directors	
Method	Electronically to senior finance staff & available to all staff via the Trust website	
<b>Document Links</b>		
Required by CQC		
Required by NHs Resolution		
Other		
<b>Amendments History</b>		
No	Date	Amendment
1	January 2013	Amended list of system generated reports in para 3.2 & minor amendments to terminology
2	May 2019	Changed TDA to NHSI & minor wording amendments
3	May 2022	No changes required
4		
5		

# Shropshire Community Health Trust

## Finance Procedures

### Section R   Accounts Receivable R2           Accounts Receivable – Month End Update

---

#### 1 – Introduction

- 1.1    The Oracle Accounts Receivable ledger is updated monthly to close off the previous month's transactions, to advance the month forward by one period, and to produce an audit trail of the transactions and balances for the month. The process is carried out by the Financial Accountant.
- 1.2    As the Accounts Receivable ledger is integrated fully with the General Ledger, the transactions will already have been transferred on a daily basis.
- 1.3    Step by step procedures for all aspects of the Accounts Receivable ledger, including report printing and closedown, are contained in detailed procedure notes held by those using the system.

#### 2 – Final transactions

- 2.1    Prior to the closedown, all outstanding invoices and credit notes are raised, and all cash receipts posted to the Accounts Receivable ledger. This is carried out in line with the deadline set out in the Report Production Timetable, currently the first working day of the following month.
- 2.2    To ensure the closedown can be carried out on time, there is an agreed cut-off time for invoice requests generated by either Finance or Occupational Health staff – the 2 biggest areas. In order for an invoice to be raised prior to the closedown, the invoice request must have been received by the Accounts Receivable staff by the end of the day before the last working day of the month.

#### 3 – Month end closedown

- 3.1    On the closedown day, the Financial Accountant first ensures that the Oracle Cash Management module reconciles. The next accounting period is then opened using the Open/Close Periods screen off the Control then Accounting menus. This results in the General Ledger (GL) date defaulting to the current day and therefore posting transactions by default to the new month.
- 3.2    The following system reports are generated and checked. They are not saved unless indicated as they can be run in Oracle at any time.
  - Incomplete invoice report (printed and filed)
  - Sub-ledger period close exceptions report
  - Transaction register
  - Applied receipts register
  - Un-posted items report
  - A/R reconciliation report (printed and given to the Senior Financial Accountant for control account reconciliations)

- Unapplied and unresolved receipts register (printed and given to the Senior Financial Accountant for control account reconciliations).
- 3.3 Once the balances on the above reports are reconciled, the previous month is closed, again using the Open/Close Periods screen. The Financial Accountant notifies the Management Accounting team that this has been done.
- 3.4 Once the closedown is complete and before any further transactions take place, the Aging Buckets report is generated. This is used to produce the monthly aged debtors report as detailed in paragraph 5 below.

#### **4 – Other monthly reports and processes**

- 4.1 There are a number of other monthly reports and processes which are the responsibility of the Financial Accounting Team.
- a) Monthly statements of outstanding invoices are generated, printed, and despatched to debtors following the closedown.
  - b) Overdue account reminder letters are generated, printed, and despatched, usually on a weekly basis.
  - c) The Incomplete Invoices report is generated on monthly basis and checked to make sure that all invoices have been fully processed and accounted for.
  - d) Recurring invoices are raised monthly, usually in the 2<sup>nd</sup> week of the month.

#### **5 – Aged debtors report**

- 5.1 Following the month end closedown, the Financial Accountant uses the Oracle Aging Buckets report to produce a monthly Aged Debtors Report (in Excel) for the Head of Financial Accounting looking at the following:
- Invoices over 3 months old
  - Invoices between 1 and 3 months old which are over £20,000
  - Credit Notes
- 5.2 Comments on progress with recovery of each debt on the report are made by the Financial Accountant Team. Up to date comments are expected each month apart from those under the £20 limit. In exceptional circumstances (e.g., a large number of old invoices or competing priorities) smaller value invoices (e.g., up to £100) are left for a month.
- 5.3 The report is submitted to the Head of Financial Accounting by the 7<sup>th</sup> working day of the following month and used to produce the Aged Debt information in the Finance Report for the Resource & Performance Committee and the NHSI return.

**References & associated documents**

Report Production Timetable  
Oracle Accounts Receivable detailed user notes

Reviewed By \_\_\_\_\_

Date \_\_\_\_\_

Authorised By \_\_\_\_\_

Date \_\_\_\_\_