

Policies, Procedures, Guidelines and Protocols

Document Details		
Title		Finance Procedure M3: Accounts Payable – Month End Update
Trust Ref No		824-60098
Local Ref (optional)		
Main points the document covers		The processes to close off the previous month’s transactions, open the new month, and to ensure a comprehensive audit trail
Who is the document aimed at?		Accounts Payable staff in Finance
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
Subcategory		Finance Procedures
Review date		January 2026
Distribution		
Who the policy will be distributed to		Distributed to senior finance staff as defined by directors
Method		Electronically to senior staff & available to all staff via the Trust website
Document Links		
Required by CQC		
Required by NHS Resolution		
Other		
Amendments History		
No	Date	Amendment
1	January 2014	Removal of references to PCTs & minor changes to terminology
2	January 2017	Para 2.1: amend A/P closedown timing
3	January 2020	Added 4.3 in regard to remote working and minor grammatical changes
4	January 2023	Removed remote working in 4.3 as now business as usual and in 3.3 removed the printing and filing of the exceptions report and minor grammatical and presentational changes.

# Shropshire Community Health NHS Trust

## Finance Procedures

### Section M Payables

#### M3 Accounts Payable – Month End Update

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#### 1 – Introduction

- 1.1 The Oracle Accounts Payable 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 Payable ledger is integrated fully with the General Ledger, the transactions will already have been transferred daily, including accruals for invoices registered but not paid.
- 1.3 Step by step procedures for all aspects of the Accounts Payable 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 registered in the ledger. Ensuring that the maximum possible entries are recorded within the month will reduce the number of manual accruals necessary. This is all carried out in line with the deadline set out in the Reports Production Timetable, currently the last working day of the month.

#### 3 – Reports and closedown

- 3.1 On the closedown day, the Financial Accountant opens the next accounting period using the Control Payables Periods screen off the accounting menu. 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 A key objective of the month end procedures is to check and verify information on the Accounts Payable ledger before closedown. The Payables Accounting Process report is generated and then the previous month is closed, ( using the Control Payables Periods screen on the accounting menu). If any exceptions are shown which stop the month closing, an Exceptions report is generated, and any discrepancies investigated and corrected. The Payable Accounting Process report then must be re-run before the month can be closed. If any exceptions cannot be cleared, they are swept through to the next month and a query is raised with the Oracle help desk.

- 3.3 Finally, a check is made to make sure the previous month has closed correctly, to ensure future invoices are accounted for in the correct period. This is done by exiting as far as the main Oracle menu and then going back in again.

#### **4 – Month end manual payables accruals**

- 4.1 Following the Month End Update, Management Accounting staff begin to set up accrual journals for month end payables. To enable them to do this, for the first working days after the month end, they will receive from the Accounts Payable team invoices relating to the previous month which are over £100 and for which there is no order.
- 4.2 These invoices must be returned to the Accounts Payable staff the same day (without prompting) to avoid delays in payments, as the trust operates a Better Payment Practice Code.
- 4.3 The Accounts Payable Staff register all the invoices that relate to the previous month in a separate oracle batch and share it with Management Accounts for accruing.

#### **5 – Better Payment Practice Code compliance**

- 5.1 Under the Better Payment Practice Code, the Trust is required to pay all invoices within 30 days of receipt of a valid invoice or the goods, whichever is later.
- 5.2 After the month end, the Senior Financial Accountant generates an Oracle Discoverer report showing all invoices paid and analysing them to show which have been paid within 30 days and which have not. This is then manipulated into a spreadsheet to enable Accounts Payable staff to give reasons for all late payments. These are then collated and reviewed by the Senior Financial Accountant, who produces the required compliance information for the Head of Financial Accounting, for use in both internal and external financial reporting and returns.

#### **References & associated documents**

Reports Production Timetable  
Oracle Accounts Payable detailed user notes

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

Date \_\_\_\_\_

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

Date \_\_\_\_\_