

# PROCEDURE FOR REQUISITIONING OF GOODS AND SERVICES (INCLUDING CHARITABLE FUNDS), DEALING WITH INVOICES IN DISPUTE AND THE PAYMENT OF INVOICES

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| <b>PROCEDURE REFERENCE NUMBER</b>   | FP01/03   |
| <b>VERSION NUMBER</b>   | 3   |
| <b>KEY CHANGES FROM PREVIOUS VERSION</b>  | <b>3 year review:</b> Minor updates have been made to reflect the workflowing of invoices within FPM and between accounts payable and purchasing. The process of dealing with disputed invoices has similarly been updated to reflect the more automated processes in place and to remove forms no longer required. |
| <b>AUTHOR</b>   | Head of Financial Accounts  |
| <b>CONSULTATION GROUPS</b>  | Audit Committee<br>Senior Finance Staff   |
| <b>IMPLEMENTATION DATE</b>  | April 2017  |
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| <b>NEXT REVIEW DATE</b>   | January 2024  |
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| <b>RATIFICATION BY</b>  | N/A   |
| <b>COPYRIGHT</b>  | 2017-2021   |
| <b>POLICY SUMMARY</b>   |   |
| <p>The procedure outlines the process to be following for the requisitioning and ordering of goods and services, the receipting of purchase orders once goods and services have been received and how to approve invoices not supported by a purchase order (by exception).</p> <p>A user guide for FPM (non-purchase order invoice approval) is also attached.</p> |   |
| <b>The Trust Monitors the implementation of and compliance with this policy in the following ways:</b>  |   |
| Internal Audit  |   |

| Services  | Applicable | Comments |
|-----------|------------|----------|
| Trustwide | ✓          |          |

**The Director responsible for monitoring and reviewing this policy is  
Executive Chief Finance Officer**

**ESSEX PARTNERSHIP UNIVERSITY NHS FOUNDATION TRUST**

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1.0 INTRODUCTION

- 1.1 This procedure covers the Budget Holder's and Finance role in the requisitioning of goods and services, including charitable funds required by the Trust, with the exception of:
- a) gas, water, electricity, and telephones and periodical payments for rates (which are covered by orders maintained within Estates Department).
  - b) Cash purchases of goods and services up to the value of £100 bought through petty cash
  - c) Contracts under seal (covered by reference to Standing Orders section 12)
  - d) Variation of works included in formal contracts.
- 1.2 This procedure should be read in conjunction with the Trust's Purchasing Policy.
- 1.3 This procedure also covers the Budget Holder and Finance role in the event of an invoice being disputed. More detail of this situation is explained below under Section 3: Procedures to be followed when invoices are disputed.
- 1.4 The Budget Holder would not normally be involved in the payment process other than those situations explained further under Section 4: Payment of Invoices
- 1.5 The role of Finance in the payment process is explained further under section 4 Payment of Invoices.
- 1.6 Any audit requirements are noted under the relevant paragraphs below.
- 1.7 For avoidance of doubt, this procedure refers to a number of key staff within the Finance Department for a completion of a range of tasks. In the absence of these key members of staff, the task will be undertaken by the covering member of staff. In the event there are no suitable staff to cover the identified task, the decision will be referred to either the Deputy Chief Finance Officer or the Head of Financial Accounts / Financial Management.

**2.0 PROCESS FOR REQUISITIONING OF GOOD OR SERVICES**

- 2.1 The process for requisitioning of stock and non-stock items and services can be summarised as follows but staff should refer to the Trust's Purchasing Policy (CP8/ CPG8) for more detailed guidance:
- a) The Requisitioning Officer will order only those items or services that are required. Such items or services will only be ordered on the **e-procurement system** or the appropriate portal for Office Depot or NHS Supply Chain.
  - b) The e-procurement requisition will be automatically forwarded to the relevant Budget Holder who will ensure that the appropriate amount of funds are available in the budget to cover the cost of the requisition, the budgetary code is correct, and then if in agreement that the goods or services are required, authorise it as being correct. The e-procurement system will then automatically forward the requisition to the Purchasing Department.
  - c) A copy of the official order will then be emailed to the Requisitioning Officer via e-procurement. The Requisitioning Officer will check all orders for accuracy when they are received and report any discrepancy to the Purchasing Clerk.
  - d) The Finance Department would not normally be involved in the requisitioning of goods or services except as a Budget Holder. However, they should be aware of the role of the Budget Holder as per above.
  - e) For all goods and services ordered on e-procurement and stationery deliveries, all **Goods Receiving Officers must ensure that the goods are promptly received on e-Procurement once the goods or services have been received.**
  - f) As part of the receipting process, the Goods Receiving Officer should ensure that the number of items on the Goods Received Note from the supplier equates to the actual number of items delivered, the description of the actual goods ordered is the same as those delivered and the condition of the delivered goods is satisfactory. The actual date of receipt of the goods or services **MUST** be included on the electronic **Goods Received Note** via the e Procurement receipt to ensure that the charge is made in the month of receipt against the appropriate budget. This is of particular importance at year end where the receipting date will determine in which financial year the cost will be borne.
  - g) On receipt of the **GOODS RECEIVING NOTICE** from the e Procurement system, the Accounts Payable Clerk will match the detail against the order and check the quantity and value quoted (if any) agree with the order quantity and value. Any discrepancies should be referred back to the Requisitioner and the Purchasing Department.

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### 2.2 Charitable Funds

- a) Requisition forms for items to be paid for by Charitable Funds **must have** the relevant Charitable Fund Code and, if applicable, a VAT exempt certificate. Once completed and authorised, these need to be forwarded to the Financial Planning team who are required to check for appropriateness of expenditure and availability of funds.
- b) All planned spend against Charitable Funds must have prior approval in line with the limits specified in the Detailed Scheme of Delegation.
- c) The relevant paperwork should then be passed on to the Purchasing Department, where the Purchasing Clerk will process the order as for items bought from exchequer funds.
- d) On receipt of the goods, the receiving officer should check and sign the goods Received Note (GRN) via the e-Procurement system in accordance with 2.1 c) and 2.1 e) above and forward to the Finance Department. The GRN should be checked and signed by a different person to the Goods Requisitioning Officer to ensure satisfactory segregation of duties in accordance with audit requirements.
- e) On receipt of the goods the Goods Receiving Officer should ensure that the number of goods received equates to the number on the order, the actual goods delivered are those ordered and the condition of the delivered goods are satisfactory.
- f) The Financial Planning team will make payment to the supplier upon receipt of an invoices and goods receipt confirmation.

### 2.3 Invoices without a Non Stock Requisition

2.3.1 Invoices are accepted without a Non Stock Requisition for a number of items as per Appendix 3 attached. Under such circumstances, the invoice will be submitted by Accounts Payable to the FPM automated authorisation system for approval. Management Accounts will append a budget code to that invoice via the FPM system, after which it will be automatically forwarded to the appropriate Budget Holder for approval.

2.3.2 The Budget Holder should then approve the invoice in the system if they are satisfied that it fully represents goods or service expected. A scanned copy of the invoice is available on the FPM system for review. If there is a dispute related to the goods or service on the invoice, the Budget Holder should query the invoice back to Management Accounts with a valid reason in the notes. Invoices should only be rejected from FPM if the invoice is supported by a purchase order or is not to be paid by EPUT.

2.3.3 For more information on how to use the FPM system please refer to Appendix 4.

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2.3.4 If the budget holder is not authorised to approve for the value of the invoice, it will be forwarded to the appropriate signatory for approval.

2.3.5 Once the invoice has been approved via the FPM system by the Budget Holder, or the appropriate signatory, the invoice will be sent automatically to Accounts Payable for payment.

### **3.0 PROCEDURES TO BE FOLLOWED WHEN INVOICES ARE DISPUTED**

#### **3.1 Procedures for Budget Holders**

a) Where the Requisitioner or Budget Holder discovers a discrepancy they must place the invoice in dispute by immediately emailing the Purchasing Department and Accounts Payable Clerk giving details of:

Company name  
Order number  
Order value  
Invoice number (if known)  
Invoice value (if known)  
Nature of the dispute

b) Where the discrepancy has been discovered by the Accounts Payable Clerk, they should email the Purchasing Department immediately and to seek advice on the next course of action.

c) The Requisitioner or Budget Holder is then required to initiate discussions with the Supplier to settle the dispute and advise the Purchasing Clerk of the outcome. All correspondence with the Supplier should be copied to the Purchasing Department.

#### **3.2 Procedure for Accounts Payable Staff**

a) On notification or discovery of a disputed invoice, the invoice should be marked 'stop payment invoice in dispute' on the system.

b) The dispute should be referred immediately to the Purchasing Department by email, who will follow the procedure set out in 3.1 above.

c) The invoice register should be reviewed at regular intervals by the Financial Services Manager to ensure action is being taken around any disputed invoices.

d) All disputes should be resolved as soon as possible and ideally, within 8 weeks of the date of the invoice. On occasions where this looks unlikely to the Accounts Payable Co-Ordinator, the matter should be referred to the Finance Services Manager for them to take appropriate action. This may either be contacting the Budget Holder or even the supplier to progress the dispute.

**4.0 PAYMENT OF INVOICES**

**Budget Holders Role**

4.1 Normally payments against invoices are only made once all of the checking procedures are completed by the Accounts Payable Clerk. The Budget Holders would then not be involved as they have already authorised any order and been involved in the receipting of the goods or service. They would also have already approved any invoices that do not require a non stock requisition via the FPM system. They would only have been involved in the resolution of any disputed invoices.

**Finance Role**

4.2 The process for the payment of supplier invoices is as follows.

4.2.1 Within the Accounts Payable Department invoices are processed daily. Invoices are checked for accuracy by the Accounts Payable Clerks by matching invoices against the **Goods Received Notes** which must have been receipted by the Goods Receiving Officer on e-Procurement.

4.2.2 The invoices are checked by the Accounts Payable Clerk for verification of price, goods, delivery quantities, VAT status and authorisation. The Accounts Payable Clerk will then scan the invoice onto the accounting system if electronic copies of the invoices are not already recorded on the system via DB Capture or the invoice register.

4.2.3 In event of an invoice not being linked to a Purchase Order, the invoice must be authorised via the FPM system, or by manual approval.

4.2.4 The Assistant Accounts Payable Co-ordinator will then check to verify that the invoice has been entered correctly within the Accounts Payable system, and only then will the Assistant Accounts Payable Co-ordinator post the invoice. The invoice is then released for payment.

4.2.5 The Accounts Payable Co-ordinator will then enter the invoice onto the appropriate payment run for payment.

**END**