**Certified Payments Policy**
**and**
**Areas not included in iProcurement implementation**

**Date: June 2017**

**Document Details**

| Title | Certified Payments Policy and Areas not included in iProcurement implementation |
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**Document History**

| Version | Date | Author / Amended By | Change History |
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| 1.0 | 20 February 2007 | Louise Murphy | Initial Draft |
| 2.0 | 31 July 2007 | Louise Murphy | Following comments from 3yr budgeting group |
| 3.0 | 08 August 2007 | Louise Murphy | Approved |
| 4.0 | 15 February 2011 | Lee Glatley | Bring policy up to date and document areas not included in iProcurement implementation |
| 5.0 | December 2013 | Peter Cameron / Peter Field | Policy reviewed and refreshed |
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| 8.0 | March 2017 | Kenny Govan | Policy reviewed after consultation with Resources |

## 1. Introduction

The purpose of this policy document is to determine and agree all payments that are made by the Council that are not appropriate to eProcurement and will be raised for payment via an alternative process.

All purchases should be supported by a purchase order in Oracle iProcurement and where an invoice is submitted without a valid purchase order it will not be paid unless a PO is raised. Any payments that are an agreed exception to this policy (known as 'certified payments' or exclusions) will be defined in this policy and processed by Finance Services' Accounts Payable or Treasury Management sections. The exception to this rule is social work allowances which are processed by Social Work devolved payables team.

**Purchase orders should be raised for all purchases** unless the certified payments criteria, as laid out in section 4 are met.

**If an invoice is received for which there is no iProcurement purchase order and it does not fit the criteria for certified payments, or is not on the exclusion list, then a purchase order will be raised in iProcurement retrospectively and the standard goods receipting and invoice matching process against the order in iProcurement should occur. Retrospective orders will be monitored and reported to CMT as part of the Procurement Performance Indicators.**

This policy has been compiled having carried out a detailed review of existing processes for payment of expenditure via the accounts payable and treasury management sections. The certified payments policy will evolve as operation of the iProcurement system and associated processes dictates, any changes to the policy will be reflected in a revised version and published as appropriate.

Consultation on this policy has also included the three year budgeting group to ensure all Resource non i-Procurement payments have been identified where possible.

## 2. Reason for Policy

2.1 The main reason for the certified payments policy is to identify payments made by the Council that are outwith the scope of iProcurement. Payments not contained within the policy will be transacted via Oracle iProcurement ensuring the corporate benefits of the iProcurement solution are realised.

2.2 The ability to gather more complete information on purchasing is necessary to achieve some of the more strategic benefits and efficiencies within procurement. The raising of purchase orders enables purchasing information to be captured, reported and analysed. This information will enable the development of procurement category strategies and drive contract compliance across the authority. Maximising the use of iProcurement by ensuring only certified payments are paid outwith the system will assist in achieving this key objective.

2.3 Additional benefits of raising orders via iProcurement and the subsequent payment via the matching process within accounts payable are:

- Ensures financial commitments are in place

- Enables invoices to be processed more quickly

- Reduces manual keying of invoices in two ways; invoices are now matched to existing data on PO; the frequency and quantity of keying will reduce with implementation of e-invoicing.

- Provides a platform for e-invoicing which will become mandatory for all invoices submitted from November 2019 at the latest, at which time the Certified Payment Policy will require substantially altered and the number of exclusions significantly reduced in order for the Council to comply with this requirement.

- Delivers efficiencies in the overall procure to pay process by removing the need for invoices to be physically signed
- Sets out clear requirements for suppliers in the form of order documentation
- Conforms with financial regulations and standing orders on contracts

2.4 In classifying certified payments, the volume of invoices paid outwith the matching process to iProcurement will be minimised, thus ensuring benefits listed above will be achieved and clarity and control is strengthened within the payment process.

2.5 To ensure the enforcement of this policy in the long term, invoices for which a purchase order has not been raised cannot be processed locally within Resources unless otherwise agreed. Such payments can only be generated by the central payables section on behalf of Resources to ensure corrective action and control is maintained. Data relating to these invoices will be reported.

## 3. Definition of Certified Payment

3.1 Certified payments relate to those invoices and payment transactions that will be accepted for payment by the central payables section or treasury management section for which a purchase order is not appropriate.

3.2 The list of acceptable certified payments which can be dealt with centrally is given in Appendix 1. This list will not be amended without the consultation and approval of Finance and Corporate Resources (Transactions)

3.3 Invoices received for payment that relate to items that are not agreed certified payments will not be processed. Such invoices will be passed back to the (iProcurement) requisitioners for an order to be raised in iProcurement and the invoice will then be matched against the new order by Accounts Payable.

3.4 Payments to external bodies by Education will continue to be recorded as a commitment within SEEMIS and paid as an actual within SEEMIS to Accounts Payable, until such times as iProcurement is used to handle these payments or another process is implemented.

3.5 There are a number of areas across the council where iProcurement has not been implemented and therefore invoices will be batched and processed by Accounts Payable through the non iProcurement route. The list of areas is given in Appendix 2.

## 4. Criteria for Certified Payment

4.1 The criteria used in defining a certified payment, either now or at a future date, is based on the payment satisfying one or more of the following criteria:

- cash transactions
- purchasing information is not required
- claim based payment
- order raised in legacy systems where there is no interface to Oracle iProcurement
- order cannot be processed within i-Procurement (i.e. for foreign currency)
- unique providers (i.e. patented goods, magazine subscriptions, membership of specific organisations)

## 5. Procedures for Certified Payments

5.1 Certified payment requests to accounts payable must be passed on the appropriate control paperwork. A manual batch header should be completed and attached to the invoice and properly authorised by an appropriate signatory.

5.2    Certified payments requests to treasury management must be passed using a standard memo request for payment with original invoice attached, annual requisition payment plan or approved payroll control documents.

5.3    The process for requesting additions to the list of certified payments is that a request should be made to the Head of Finance, Finance and Corporate Resources. The Head of Finance in consultation with the Procure to Pay & Transactions Manager will decide whether the certified payment is agreed.

5.4    This policy document will be updated to reflect the impact of any accounts payable changes in due course.

## 6.    No Purchase Order/No Payment

6.1    Where supplies and services are not specifically listed on this policy as being "Certified", an official Purchase Order (PO) must be raised on iProc in all instances without exception, preferably prior to the goods/services being delivered and in all cases before the invoice is passed to Accounts Payable for payment.

6.2    Where an invoice is submitted to Accounts Payable for payment and the goods/services are not certified and no PO is stated, the invoice will be returned to the requesting Service to raise the PO.

6.3    Where an invoice is submitted and the supplier is not currently listed on iProc, the requesting Service will require to complete and submit a Supplier Amendment Request and all associated documentation for processing.

**List of Certified Payments to External Organisations**   **Appendix 1**

| | Payment Type | Example | Criteria | Section |
|---|---|---|---|---|
| **1.** | Allowances | <ul><li>Supporting people (including regeneration funded projects)</li><li>Private letting</li><li>Decoration allowance</li><li>Home loss & disturbance payments</li><li>EMA</li><li>Achievement allowance</li></ul> | Claim based payments | Payables |
| **2.** | Allowances | <ul><li>Supported carers</li><li>Shared carers</li><li>Foster</li><li>Discretionary</li><li>Custody & adoption</li><li>Link carers</li><li>Through care</li><li>Children's units - client supplies & pocket money</li></ul> | Claim based payments | Social Work |
| **3.** | Bankline / Royline system | <ul><li>Loans fund transactions</li><li>PWLB charges</li><li>Broker charges</li><li>Bank charges</li></ul> | Cash transactions, no link to procurement. | Payables |
| **4.** | Benefits | <ul><li>Housing benefit</li></ul> | Claim based payments | Payables |
| **5.** | Cash transactions | <ul><li>Petty cash</li><li>Direct debits</li><li>Vehicle licences</li><li>TV licences</li><li>Bequests</li><li>Acquisition of land & buildings</li></ul> | Cash and claim based transactions | Payables |
| **6.** | Cash transactions | <ul><li>Payment to visa for p-cards</li></ul> | Cash transaction | Treasury |
| **7.** | Disbursements | <ul><li>Justice of the Peace fees and expenses</li><li>Interview expenses</li><li>Work experience</li><li>Volunteers' expenses</li></ul> | Claim based payments | Payables |
| **8.** | Grants | <ul><li>Clothing grants</li><li>Christmas grants</li><li>Grants to voluntary organisations</li><li>Private sector housing grants (improvement grants)</li><li>Youth grants</li><li>Playscheme grants</li><li>Contributions to joint venture working groups/partnerships</li></ul> | Claim based payments<br><br><br><br><br><br>Business support | Payables |
| **9.** | HM Revenue & Customs | <ul><li>PAYE payments SLC members</li><li>NIC payments</li><li>VAT payments</li></ul> | Purchasing information not required. | Treasury |
| **10.** | Insurance | <ul><li>Public liability claims</li></ul> | Claim based payments | Payables |

| | Payment Type | Example | Criteria | Section |
|---|---|---|---|---|
| | settlements | | | |
| 11 | Local Authorities and Central Government | ▪ Payments to other Local Authorities and to Central Government Agencies | Purchasing information not required. | Payables |
| 12 | Further Education | ▪ Payments to Universities and Colleges | Purchasing information not required. | Payables |
| 13. | Legacy procurement systems with no link to iProcurement | ▪ Seemis<br>▪ Equipu | Existing procurement systems | Payables |
| 14. | Pension Fund & Teachers Pension Agency | ▪ Strathclyde Pension Fund<br>▪ Teachers Pension Fund | Purchasing information not required. | Treasury |
| 15. | Refunds | ▪ Rates refund<br>▪ Council tax<br>▪ Debtors refunds<br>▪ Refunds general | Claim based payments | Payables |
| 16. | Requisition payments | ▪ Strathclyde Partnership for Transport<br>▪ Scottish Water | Agreement with SLC | Treasury |
| 17. | South Lanarkshire Leisure | ▪ Quarterly payment<br>▪ Holiday playclub<br>▪ Swimming Lessons<br>▪ Payment for Lets | Purchasing information not required. | Payables |
| 18. | Youth Trust | ▪ Quarterly payments | Purchasing information not required. | Payables |
| 19. | Utilities, rents, rates, | ▪ Payment of rates<br>▪ Payment of rents<br>▪ Payment of utility bills for Gas, Electricity and Water | Purchasing information not required. | Payables |
| 20. | Payovers | ▪ Credit unions<br>▪ Trade Union dues<br>▪ Earnings arrestment<br>▪ PAYE<br>▪ Scottish Water collected va Council Tax<br>▪ All other Payovers | Cash transactions | Payables |
| 21. | Misc. | ▪ Elections payments<br>▪ Childcare voucher scheme<br>▪ Disclosure Scotland<br>▪ Employee Suggestion scheme | Cash and claim based transactions | Payables |
| 22. | Payment certificates | ▪ Works Contracts | | Payables |
| 23. | Audit Scotland | ▪ Fees | Purchasing information not required | Payables |
| 24. | Employability Services | ▪ Payments to Routes to Work South<br>▪ Payments to providers appointed under Employability Framework | Payment by cheque | Payables |

| | Payment Type | Example | Criteria | Section |
|---|---|---|---|---|
| **25.** | Consolidated Billing | ▪ Multi Functional Devices (Photocopiers) etc | Payment by batch header due to recharge system | Payables |

*Payments that do not require a purchase order and invoices or payment requests will be accepted by central finance sections for payment centrally.*

**Specific Areas not included in i:Procurement**     **Appendix 2**

| Resource / Service | Example | Criteria |
|---|---|---|
| All | Various Annual Maintenances, Membership Fees & Subscriptions | No standard process for dealing with annual maintenance and subscriptions. At early design workshops it was suggested that where supplier's back office systems could deal with annual POs then this should be the adopted process, however if this was not appropriate then retrospective POs should be created. |
| | Taxis | Certified as per CP Policy Document |
| | TV Licenses | Certified as per CP Policy Document |
| | Utilities | Certified as per CP Policy Document |
| | Grants | Certified as per CP Policy Document |
| | AVQ through SQA | Certified - During the Corporate Resources implementation it was identified that as the AVQ costs were not within their control in terms of either knowing when a candidate would be awarded an AVQ or negotiating a preferential rate, it was agreed that this service would be classified as certified. |
| | Eye Tests for Display Screen Assessments | Certified as per CP Policy Document |
| | Childcare Vouchers | Certified as per CP Policy Document |
| | | |
| Community/Support | Management Fees | Certified |
| | Annual Firework Display | Certified |
| | | |
| Corporate/Members | Surgery Hire | Certified – It has been identified that Councillors' surgeries are held at locations such as churches & local club where booking and payment processes are informal. I-procurement was considered inappropriate for these services. |
| | Cable TV Package | Certified – non purchase order process similar to utilities. |
| Corporate/Admin Support | Copy Licenses | Certified non purchase order process |
| | | |
| Corporate/CCPA Support | Transcript Services | Certified – no information available on reason for certifying |
| | ISDN Line Rental | Certified - non purchase order process similar to utilities |
| | | |
| Corporate/DCLR | Medical Reports | Certified – As potentially any doctor within South Lanarkshire could be required to provide a medical report it was agreed that this service was not suitable for implementation on iProc. |
| | Chartermark | Certified - non purchase order process |
| | | |
| Corporate/Legal | Sheriff Court Service: | There is a credit agreement set up with the Scottish Court Service and an E200 form is |

| Resource / Service | Example | Criteria |
|---|---|---|
| | Lodging in court of Writs/AWI Applications etc | completed for each instruction detailing the file and cost. Invoice is then received quoting number of E200. |
| | Registers of Scotland Application forms 1, 2 & 4 | Certified |
| | Ongoing legal cases open at iProc go-live date: Incl. Appointment of Financial Guardian in AWI cases | Certified |
| | Updates to various issues in Legal Library: Lexis Nexis Sweet & Maxwell | There is no order placed, arrive as and when updates are issued – could be any number of updates in a year. |
| | Company House Enquiries | Parked to be reviewed post implementation, as Audit at the time of go live were considering a Council wide approach |
| Corporate/Employee Development | Chartermark | Certified - Non purchase order process |
| | Holiday Playclub | Certified |
| | | |
| Enterprise | Salt | Certified – Non purchase order process – supplier managed stock |
| | Majority of Regeneration Grants | Certified – non purchase order process |
| | Works Contracts (involving payment through Payment Certificates) | Certified – non purchase order process |
| | | |
| Education | Residential School Fees including Independent Placements | Certified – non purchase order process |
| | | |
| H&T | Capital Projects (certified payments) | Certified – Due to the large values extending over several financial years and the use of payment certificates to initiate payment. |
| | | |
| F&IT/Finance | Insurance (Single Upfront with Adjustments) | Certified |
| | Insurance (Monthly Payments) | Certified |
| | | |
| Social Work/Training | Training provided by Public Sector | Certified – Non Purchase Order process - NHS Lanarkshire, North Lanarkshire Council, Scottish |

| Resource / Service | Example | Criteria |
|---|---|---|
| | | Government, Rutherglen Community Care, Strathclyde Police |
| | | |
| Social Work/CMHT | Haven Holidays and similar holiday bookings where PO's are not accepted | Certified |
| | | |
| Social Work/DTTO | SPT Zone Cards | Certified – Non purchase order process – claims based |
| | NHS Salaries | Certified – Non purchase order process |
| | | |
| Social Work/Residential Homes & Day Care Units | Care Commission | Certified – non purchase order process |
| | Milk | Milk processed via i-proc. SW to confirm their procedure |
| | | |
| Social Work/Lunch Club | Volunteer Expenses | Certified as per CP Policy Document |
| | | |
| Social Work/Family Placement & Disability | BAAF Panel Fees | Certified – claims based payment |
| | | |
| Social Work/OT | Aids & Equipment through eQuipu | Spend processed through eQuipu |
| | | |
| Social Work/Care Services not processed through SWiSplus | **Supported Accommodation** 1) Accommodation costs where external providers are used such as Loretto Housing, Blue Triangle  **Fostering** 1) External Fostering Services – external providers such as Foster Care Association, Jane Muir Trust, National Fostering Association & Sycamore Families  **Adoption** 1) Placement Charges 2) Legal Fees 3) Equipment (as part of the adoption settlement grant) | |

| Resource / Service | Example | Criteria |
|---|---|---|
| | 4) Care services, such as therapies (as defined in the adoption support plan)<br><br>**Residential Schools**<br>1) School Fees<br><br>**Residential Respite**<br>1) Residential Fees<br><br>**Residential Placements**<br>1) Residential Fees | |
| Social Work/Care Services processed through SWiSplus | Various Home Care & Residential Care for Adult, Older People and Child & Family Services | Spend processed through SWISplus |