

APPENDIX 3
Creditors Policy & Procedures
CREDITORS POLICY & PROCEDURE

INTRODUCTION

The Director of Resources has responsibility, under Section 151 of The Local Government Act 1972, for administration of the financial affairs of the Council. One such area of administration is that relating to Creditors and it is this which is covered by this Procedure.

Financial regulations covering this area are to be found in Appendix D. of those regulations.

CREDITORS

The term Creditors refers to a person or company to whom money is owed.

POLICY

The Policy sets out the council's arrangements for ordering, receiving, authorising and paying for Goods and services provided to the council and provides details behind the approved financial regulations. The Director of Resources is responsible for all financial transactions. This will be done by;

- Raising of purchase order for goods and services or works by authorised officers in accordance with the Council's ***Contract Procedures Rules***;
- Receipting and closing orders to confirm payment authorisation
- all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method;
- Invoices must have an order number printed on them, otherwise, unless recorded as an exception, will be returned to the supplier.
- Use of Council Purchase card.
- Prompt payment of invoices

APPENDIX 3
Creditors Policy & Procedures

1 PURCHASE ORDERS

- An Official electronic order must be issued in advance of any work, goods or service to the Council. The order must be approved by authorised officers, except for supplies of utilities, periodic payments, petty cash purchases or other exceptions specified by the Director of Resources.
- The order must have sufficient budget to complete the works.
- The orders must fall in line with the Council's Contract Procurement rules relating to quotes and tenders. These can be found on the council's intranet.
- New suppliers will be set up on the ordering system by financial services.
- The order must be receipted and closed by the officer raising the order once goods / services have been received, to approve payment of the invoice.
- Where possible a delivery note should be held by the relevant officer to prove delivery of the goods or service
- Payment slips for works that fall outside of the order requirements should be signed by an officer with approved authorisation limits.

2 INVOICE PAYMENT

- Orders must be receipted and closed by officers to enable payment of invoices.
- Payment will be made within 30 days from the date of invoice.
- Finance will check the following when making payment of an invoice
 - that the invoice has not previously been paid;
 - that expenditure has been properly incurred;
 - that prices and arithmetic are correct;
 - correct accounting treatment of tax;
 - that discounts have been taken where available;
 - that appropriate entries will be made in accounting records
- all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected by journal;
- A final check on all invoices being paid will be made by a finance officer separate to the officer creating the payments.
- all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention guidelines;

APPENDIX 3

Creditors Policy & Procedures

- The following methods of payment are offered

BACS
Cheque

- The BACS file generated will be printed and signed by one of the council's authorised signatories..
- The BACS file will be sent by a member of the I.T services team and one of the BACS approved users.
- Payments to be made by cheque will be generated in the same way as the BACS run but cheques will be printed by IT Services. Cheques held in the council safe will be used and recorded.
- The use of direct debit shall require the prior agreement of the Director of Resources. Payment by Direct debit will be recorded on the finance system by way of the Cash Book.
- The use of the Council procurement /business cards by non-card holders shall require the prior agreement of the Director of Resources. A log of all purchases must be kept along with paperwork and receipts and sent to finance at the end of each month by the card holder.
- Manual cheques that occasionally are required are generated by the payroll officer who keeps 5 cheques in a locked cupboard. If required the cheque is signed by an officer on the approved signatory list.

3 CREDIT NOTES

- If a Service finds that all or part of an invoice should not have been received then they are responsible for obtaining a credit note from the supplier and passing to Finance to cancel the invoice.

4 QUERIES

- Services are responsible for resolving all queries and should aim to settle queries within 14 days.
- Services must make Finance aware of any queries, and keep them informed of discussions and agreements.