



CHARGING FOR WORKS, GOODS AND SERVICES

FINANCIAL PROCEDURE 12

OWNER: Head of Financial Control

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You should read this Financial Procedure in conjunction with the Council's -

- Code of Financial Governance
- Revenue Budget Management Code
- Capital/Revenue Budget Notes of Guidance
- Financial Procedure: Banking and Cash Management
- Financial Procedure: Collection and Recovery of Debts

1. INTRODUCTION

- 1.1 This Procedure is intended to clarify the arrangements and to offer guidance in the charging for works, goods and services.
- 1.2 This Financial Procedure is not intended to be a definitive guide. It is meant to highlight the main principles to be applied and therefore complement information that may be contained in Notes of Guidance, Budget Management Schemes, the Council's Standing Orders, Constitution and Code of Financial Governance.
- 1.3 Prior to delivering goods or services for which an invoice is to be raised, it is the responsibility of the Service to ensure that:
 - a) The good or service has been delivered.
 - b) The customer has the ability to pay and knows that a charge is to be made.
 - c) The invoice is raised as soon as possible, and within 1 week of service delivery or the issuing service having all the necessary information.

There are some exceptions to the 1 week rule. These include:

 - Regular Periodic Invoices
 - Music Invoices – raised once per school term
 - Quarterly Rental Income
 - Annual Charges – e.g. Way leaves, Allotment Rent
 - Home Care – raised every 4 weeks
 - d) There is no dispute over the amount to be charged.
 - To avoid dispute over charges, the standard published Fees and Charges list must be used by each Cost Centre Manager. A summary of all Fees and Charges can be found on the Intranet.
 - This price list must be reviewed at least once a year in autumn as part of the budget setting process and is subject to the approval of their relevant Director and the Chief Finance Officer. (This Financial Procedure will be updated in February each year to take account of price changes, set by Council.)
 - If the item is not on the published Fees and Charges list a contract of service must be raised that details the financial charge and terms of payment.
 - e) Any documents to be signed are worded to ensure that they are legally binding (contact Legal Services for further advice in this area).
- 1.4 The above will ensure that, as far as possible, any risk of non collection of the charge has been properly addressed. In the event that the above indicates that collection would prove difficult, payment must be insisted upon prior to the supply of the services or goods.
- 1.5 The Chief Finance Officer will ensure that all departments are supplied with receipt books, documents and other forms and confirm that there are appropriate arrangements for their control.
- 1.6 The Chief Finance Officer will review this Financial Procedure annually or as and when necessary.

2 COLLECTION METHODS

- 2.1 Charges for all goods or services delivered should be made as soon as possible, and within 1 week of provision. The Council's terms are for payment within 14 days (with the exception of Ground Rents & Service Charges which are 28 days as per the lease agreements and one contract set in place at 60 days)
- 2.2 All invoices (Sales Orders) must be raised in SAP, unless exemptions have been agreed by the Chief Finance Officer (e.g. care invoices made through SWIFT).
- 2.3 Payment for regularly taken services may be made using alternative billing arrangements (e.g. Standing Orders). These payment methods used must be documented and agreed in advance of their application by the Chief Finance Officer.
- 2.4 In circumstances where an annual charge has been agreed, then invoices must be raised for interim payments (at least quarterly) rather than a single invoice at the end of the financial year. Those invoices that are estimates should be clearly indicated on the invoice.
- 2.5 Likewise, if the billing is to be carried out in stages (e.g. initial bill for deposit, second invoice for balance), then this should be clearly indicated on the invoice.
- 2.6 Payments for invoices raised can be made over the phone, and via the website.
 - i) Phone payments can be made by calling 0300 300 8030
 - ii) Payments can be made over the internet by:
 - Going to www.centralbedfordshire.gov.uk
 - Clicking on the 'Do it Online' on the right hand side
 - Use the 'Pay online' option listed.
- 2.7 Collection by Direct Debit can also be arranged. If you think this method could be of benefit to your Service, then please speak to the Income Team.
- 2.8 Charging to other services/ departments internal to the Council, known as Inter-Departmental Invoices (IDIs), are set out in Section 6.

3. GRANTS

- 3.1 A separate process of Grant Orders is used to record income due from Government bodies. The Financial Procedure - Grants sets out the arrangements for submission and monitoring of grant claims.
 - a) Where grant funding is dependant upon the submission of grant claims, these must be duly certified and submitted in a timely manner, with all supporting claims, invoices and other relevant documentation.
 - b) Where grant funding is receivable, a Grant Order should be raised in SAP by the receiving Service as soon as the amount due is known, and the following information passed to Income:
 - Grant Order number
 - Amount of grant
 - Date expected/ paid
 - Customer Number

4. VALUE ADDED TAX (VAT)

- 4.1 VAT regulations are rigidly enforced by HM Revenue and Customs through a regular inspection programme of the Council's Accounts. Failure to collect VAT associated with income charges can result in heavy penalties being imposed which will be borne by the Service raising the charge.
- 4.2 The VAT charged on a supply is determined by the **material code** that is assigned when the invoice details are input onto SAP. It is therefore essential that an appropriate material code is identified and applied on the sales order request.
- 4.3 A ['SAP Sales Material Maintenance Request' form](#) should be completed (form SAP 212) where:
- an appropriate material code is not available,
 - a change needs to be actioned against an existing material code.
- 4.4 VAT is not straight-forward, and can vary depending on who is charged, plus other variables. Where there is uncertainty over the correct treatment of VAT, guidance should be obtained from the Financial Adviser - VAT.
- 4.5 VAT must not be charged on internal charges (IDIs).

5. RAISING INVOICES IN SAP

5.1 Creating a new customer

- (a) Before raising an invoice, the Authorised Sales Clerk must check that the customer exists as an approved customer on SAP.
- (b) Where no entry exists, the officer must raise a ['SAP Customer Master Maintenance' form](#) detailing relevant information on the customer. This must be printed, authorised by a manager as per the Financial Scheme of Management, and sent to the Central Master Data Team.
- (c) Completed and authorised SAP Customer Master Maintenance forms received by the Central Master Data Team will be input into SAP within 48 hours, allowing invoices to be raised.

5.2 Invoices

- (a) Invoices must be raised by the Authorised Sales Clerk of the relevant Service in SAP for all goods and services in accordance with the standard SAP process (available on the intranet). Wherever possible, invoices should be raised in advance of the supply of goods/ services. However, the timing of when the invoice is despatched needs to be such that clients do not start receiving reminders for non payment before the goods and/or invoice is received.
- (b) Responsibility for ensuring that invoices produced are complete **and** correct rests with the Authorised Sales Clerk raising the invoice, as set out in the Financial Scheme of Management
- (c) The originating Service's income code is credited at the point an invoice is raised. Each Service can only raise invoices to their sales area.

- (d) **Full details of the service provided must be in the text box on the invoice and the dates that the service was given/is to be given must be included.** This reduces the level of disputed invoices, and will improve collection rates.
- (e) The issuing department must ensure there is sufficient documentation/ evidence to demonstrate why an invoice has been raised. This paperwork will be needed if the invoice is not paid and has to be referred for legal action.
- (e) All necessary legal agreements are binding and must be appropriately signed and dated.
- (f) The invoice must be raised and sent out within 1 week of a service being delivered. Following input onto SAP, an invoice is centrally printed and sent directly to the debtor by the Income Team. In specific circumstances, approved by the Chief Finance Officer, the invoice may be sent to the originator to be despatched to the client. Please contact the Income Team to explain why you want your invoice returned. **It is essential that invoices are despatched promptly as the system automatically sends reminders after 28 and 42 days if the invoice remains unpaid.**
- (g) Should the need arise to recall an invoice, this can be done with the authorisation of the Chief Finance Officer.

5.3 Raising credit notes

- (a) Guidance notes on inputting Credit Notes are available from the SAP helpdesk. Following input into SAP, the system will generate a credit note for issue to the customer.
- (b) All credit notes (with the exception of some SWIFT generated credits*) must be released in SAP in accordance with the authorisation limits set out within the Finance Scheme of Management and Local Scheme of Management. If the credit is above the authorised limit of the Cost Centre Manager, it is their responsibility to obtain and retain the relevant authorisation. (*Some types of adjustments/credits raised within SWIFT have already been authorised and are just generated in SAP through the interface, a list of credits deemed to be authorised are in Appendix 1, all those that fall outside this list are still to be authorised by the Cost Centre Manager).
- (c) Supporting details identifying the reasons for the issuing of the Credit Memo **must** be retained for audit purposes. Under **no** circumstances should a credit note be used as an alternative to the write off process.
- (d) HM Revenue and Customs require credit notes to be raised to ensure correct accounting of VAT on all invoices that are amended or cancelled.

5.4 Correcting an invoice that has undercharged the debtor

- (a) Where a debtor has been undercharged a Debit Memo must be raised in SAP with reference to the original invoice and in accordance with the procedure for raising invoices in SAP as described in 5.1 above.
- (b) Supporting details identifying the reasons for the amending of the invoice must be retained for audit purposes.

5.5 Requests for invoices or reminders to be temporarily stopped

- (a) These requests must be made by a Budget Manager or their line manager in writing, an email is sufficient, and sent to the Income Team.
- (b) This stopping process can be refreshed each month up to a maximum of three, after which the recovery process will re-commence recovery action unless an independent adjudication by the Chief Finance Officer and Service/Operational Group Head determines otherwise.

5.6 Debt Collection

- (a) There is a [Debt Recovery Financial Procedure](#) that needs to be followed for the collection of late and unpaid debt.

6. INTER-DEPARTMENTAL INVOICES

6.1 Inter-Departmental Invoices (IDIs) must be used for all internal charges. A pro forma is given at the end of this Procedure..

6.2 IDIs should be raised as soon as possible, and within one week of provision. The level of charge should be discussed and agreed before the IDI is raised to the recipient service.

6.3 The process of raising IDIs is:

- i) The service making the charge (provider) completes an IDI, and sends to the Cost Centre Manager receiving the charge;
 - *Include a full description of the goods/ services provided*
 - *Include the profit centre and GL to receive the income*
- ii) The Cost Centre Manager receiving the charge (customer) checks the charge.
 - *Contact the service raising the IDI if there are any problems*
 - *Verify/ complete the profit centre and GL to receive the charge*
 - *Sign the IDI to accept the charge*
 - *Once agreed, return the IDI to the originating service (provider)*
- iii) The service (provider) checks form is complete and forwards to their Finance Advisor;
 - *Check the IDI form is complete*
 - *Send to Finance Advisor*
- iv) Finance input the IDI into SAP.
 - *Ensure IDI fully completed*
 - *Process IDI on SAP*
 - *Maintain IDI on file*

6.4 Copies of IDIs should be avoided reduce the chance of charges being entered twice.

Appendix A

Adjustments raised in SWIFT that create credit notes to be raised and already have management approval for being generated are as follows:

Where the situation has altered for any Debtor since the last Billing Run

- The dates of the contribution record have changed (financial assessment changed)
- A new contribution record has been created
- A Break has been recorded for which period a client is not charged
- A Date of Death has been recorded (This should be fed through to SAP master data to suppress reminders)
- The Provision has ended

(In all these cases an automatic adjustment is created by SWIFT).

Any adjustments that fall outside the above list then the Cost Centre Managers authorisation will be requested and retained on file as per Financial Procedure 22 – Retention of Documents.

INTER-DEPARTMENTAL INVOICE

Invoice number: (Provider's reference)	
Invoice date:	

Customer details:	Provider details:
	Queries to: Name: Phone: E-mail:

Details of charges for goods/ services provided: <i>Provide sufficient information to enable the charges to be easily understood and approved (including dates where appropriate).</i>	£
Total:	

Coding:	
Profit Centre (6 numeric) or WBS Element (Max 17 alpha-numeric)	Cost Element / GL (7 numeric)
	Amount £
<u>Provider details (Credit)</u>	
	.
	.
	.
	.
<u>Customer details (Debit)</u>	
	.
	.
	.
	.

Customer Authorisation:
I certify that the invoice details and charges shown are accurate, can be charged against my budget, and that the finance codes to be charged are correct.
PRINT NAME:
SIGNATURE:

Steps for completion:	Date completed
1 Provider completes IDI as fully as possible and sends to Customer.	
2 Customer checks details of charges for goods/ services; adds customer coding details; signs to authorise payment; and sends completed form to Provider.	
3 Provider checks form is complete and sends to their Financial Advisor (based on 2nd Floor, Hall, Cauldwell Street, BEDFORD, MK42 9AP)	
4 Finance process the IDI on SAP and maintain on file.	