

MEETING:	AUDIT & GOVERNANCE COMMITTEE
DATE:	12 MARCH 2010
TITLE OF REPORT:	CREDITOR PAYMENT AUTHORISATION
HEAD OF BENEFIT AND EXCHEQUER SERVICES	MIKE TONEY

Wards Affected

None

Purpose

1. To report on progress in ensuring that the Council requirements for Creditor Payment Authorisations are being carried out in accordance with the Council's Constitution.

Recommendation

THAT the Audit and Governance Committee notes the information on invoices rejected.

Introduction and Background

2. This Committee received a report in December detailing the requirements of the Financial Procedure Rules for Officers responsible for authorising creditor payments. This advised Members that:
 - a) The list of authorised signatories with their individual financial limits is agreed and maintained by Financial Services on behalf of the Director of Resources. Following a review of the Constitution in March 2008, all authorisations have been reviewed and updated.
 - b) Directors are required to ensure that the list of signatories is reviewed at intervals and any changes to the list are reported promptly.
 - c) The Benefit & Exchequer Service has responsibility for processing payment requests, which includes ensuring that payment vouchers are correctly completed and properly authorised.
 - d) Following the review of creditor payments in 2009 which aimed to speed up payment times, a number of communications have been sent to officers

shown on the authorised signatories list reminding them of the need to ensure that all payment requests are correctly authorised.

3. In December the Committee asked for a quarterly update on the number of payment requests returned to the originating service because they were not properly authorised. The request was for a breakdown showing the numbers for each directorate.

Key Considerations

4. The main reasons identified for vouchers being returned are:
 - a) They have not been fully completed, for example cost codes are incorrect or missing.
 - b) The latest version of the payment voucher has not been used.
 - c) The person signing them does not have the necessary level of authorisation.
5. The Council has a target for making payments and this is 20 days from the date the invoice is received. Current financial year performance up to the end of February is 80.87% of invoices paid within 20 days of receipt and an average payment time of 15.31 days, with 49.34% of these being paid within 10 days.
6. A table showing the number of invoices rejected for the three month period December to February is attached as an appendix to this report. This table shows a reducing number of items returned to the originating departments for correction and reflects the steps taken to ensure authorised signatories are aware of the action required to ensure vouchers are correctly completed and authorised.

Community Impact

None

Financial Implications

None

Legal Implications

None

Risk Management

7. Failure to complete payment vouchers correctly can affect the speed with which payment is made and will have an impact upon the creditor and our performance, as well as the level of resources needed for the payment process.
8. In addition to the regular monitoring, as a fundamental system Creditors is subject to an annual audit which provides an independent check on risk compliance.

Appendices

9. Breakdown of Returned Payment Vouchers by Directorate

Background Papers

8. Financial Procedure Rules

APPENDIX

BREAKDOWN OF RETURNED PAYMENT VOUCHERS BY DIRECTORATE

<u>Directorate</u>	Dec 09	Jan 10	Feb 10
Clinical Leadership & Quality	3	0	0
CYPD	7	46	6
Deputy C.E.	3	2	3
Environment & Culture	11	6	4
Integrated Commissioning/ Provider Services	16	1	14
Regeneration	10	2	12
Resources	18	1	0
Chief Executive	0	3	0
Total	<hr/> 68	<hr/> 61	<hr/> 39