

<b>MEETING:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>DATE:</b>	<b>29 JUNE 2010</b>
<b>TITLE OF REPORT:</b>	<b>CREDITOR PAYMENT AUTHORISATION</b>
<b>OFFICER:</b>	<b>HEAD OF BENEFIT AND EXCHEQUER SERVICES</b>

## **Wards Affected**

None

## **Purpose**

To report on progress to ensure 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**

1. Audit and Governance Committee received a report in March 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. The authorisations are reviewed and updated regularly.
  - b) Directors are required to ensure that the list of signatories within their service areas 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) 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.
2. The Committee has asked for a quarterly update showing the number of payment requests returned for each directorate because they were not properly authorised.

## **Key Considerations**

3. 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.
4. 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 May is 85.44% of invoices paid within 20 days of receipt and an average payment time of 13.32 days, with 55.32% of these being paid within 10 days.
5. A table showing the number of invoices rejected for the three month period March to May is attached as an appendix to this report.

This table shows a continuing reduction in the number of items returned to the originating departments for correction and reflects the steps taken to make sure 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**

6. 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.

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**

7. Breakdown of Returned Payment Vouchers by Directorate

## **Background Papers**

8. Financial Procedure Rules

**APPENDIX**

**BREAKDOWN OF RETURNED PAYMENT VOUCHERS BY DIRECTORATE**

<b><u>Directorate</u></b>	March 10	April10	May 10
Clinical Leadership & Quality	0	0	0
CYPD	20	6	2
Deputy C.E.	8	4	0
Environment & Culture	5	1	0
Integrated Commissioning	0	0	0
Provider Services	2	5	6
Regeneration	16	1	3
Resources	1	2	0
Chief Executive	0	0	0
Total	<hr/> 52	<hr/> 19	<hr/> 11