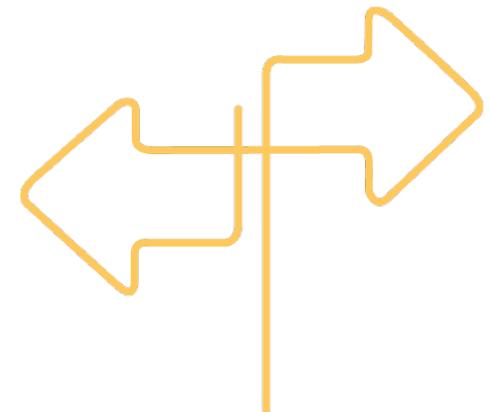


PROCESS TOOLKIT

PROCURE TO PAY



Executive Summary

Introduction

This procure to pay (P2P) toolkit is designed to provide a high level overview of an optimised P2P function within an NHS organisation. The toolkit specifically includes process maps for the key stages of the P2P function, key attributes of each stage, risk and controls linked to each stage, key performance indicators, roles profiles for optimised accounts payable team, and example documents that could be utilised in the P2P process.

Structure of Toolkit

This toolkit is designed to be utilised in a playbook type fashion – each section is hyperlinked to relevant sections, KPI, example documents, or risk/control descriptions – allowing the user to focus on particular areas.

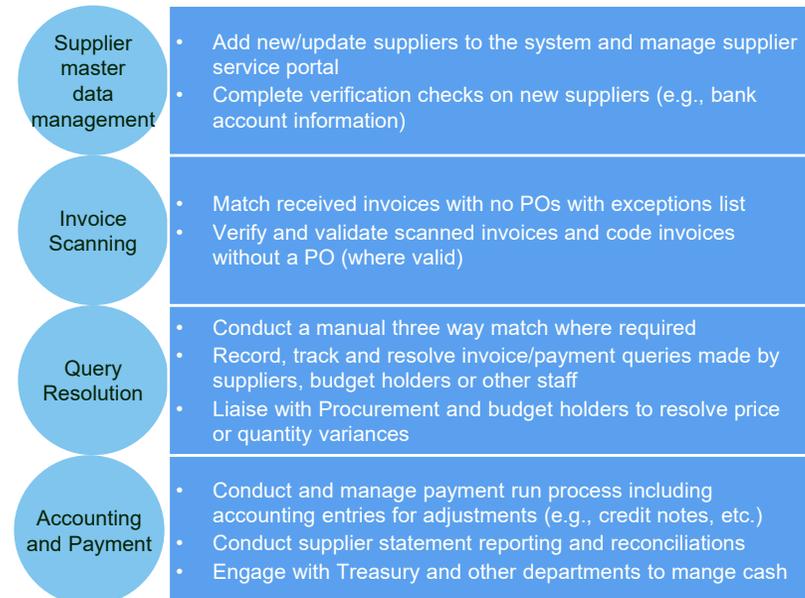
Approach

Best practice examples provided in this toolkit are a combination of peer research documents such as the report “Operational productivity and performance in English NHS acute hospitals: Unwarranted variations” – Lord Carter of Coles February 2016 and EY [insert]. Key performance indicators are sourced from APQC databases.

Accounts Payable Roles

Accounts Payable could be organised in various ways; for example, Query Resolution could be organised by supplier name (team 1 for supplier with names A to G, team 2 for suppliers with names H to N, etc.), or by supplier type (high volume, high value, type of products, etc.), or by query type.

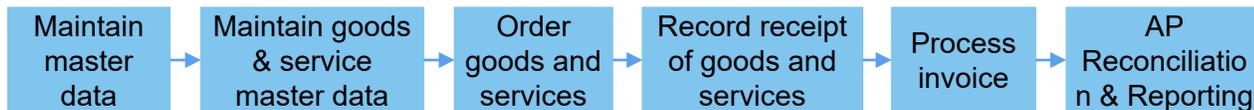
The four key activities and outline descriptions within AP:



Executive Summary

Procure to Pay process maps

This toolkit specifically includes process maps for the key stages of the P2P function:



Maintain master data

- Process maps cover the set up and amendment of the supplier master data
- Risk control measures such as credit checks for suppliers of goods/services material to the trust ensure risks are minimised

Maintain goods & service master data

- Process maps cover the addition of new products to the goods and services catalogue and the regular maintenance of it
- By ensuring that the goods and services catalogue is up to date and accurate, an organisation can control the cost and quality of the products and services it consumes – often enabling bulk buying or regular purchase discounts from suppliers

Order goods and services

- Process maps cover ordering of catalogue, non-catalogue, and urgent goods and services
- Identifying demand and placing orders with suppliers are specific to organisations and are not covered in this toolkit

Record receipt of goods and services

- Process maps cover receipt of goods and optimal process for under/over fulfilled orders

Process invoice

- Process maps cover the receipt and processing of invoices including non-PO invoices and completing 3-way matching
- There are a number of KPIs included to benchmark an organisations AP function and help to develop improvement strategies

AP Reconciliation & Reporting

- Process map covers the reporting element for AP, including recommended weekly and monthly reports
- Completing the reconciliation process allows AP to identify issues and take remedial action for future periods

Executive Summary

Risks and Controls

Key risks and controls identified in this toolkit include:

R: False details (e.g., bank account) is provided by the suppliers

C: Verification checks are completed by AP

R: Users may have unauthorised access to update vendor master files

C: A search for duplicate vendors is performed prior to new vendor set up on the system;
Restricted access profiles for different teams and grade of employee

R: Unauthorised purchases and/or requisitions not appropriately authorised requisitions

C: An organisational hierarchy defining authorised signatories with pre-approved spending limits exists – requisitions will only be accepted if approved by the delegated authoriser

R: Invoice paid for a good or service that has not been ordered or delivered

C: Invoices without a PO (and not on the exceptions list) are returned to the supplier

R: Fictitious purchases are recorded

C: System restrictions on purchases, receipts and invoices to defined suppliers, goods and services; PO's approved according to the delegation of authority; System generates PO's sequentially and does not allow duplicates; Daily system-generated report of exceptions to the 3-way match is reviewed and approved; Aged accounts payable are reviewed and approved on a monthly basis

Technology Options

In an effort to reduce costs and fraud, finance functions have become more and more technology centric. With new solutions coming to market using innovative technology such as cloud based computing and storage, it is imperative that NHS organisations understand and have access to the best tools available.

This toolkit includes brief descriptions of some of the most popular technology solutions (based on three key areas: ERP & integrated reporting systems, invoice management, and workflow automation) – organisations should use this section as a starting point to their search for solutions most appropriate for their needs.

Key Performance Indicators (KPIs)

KPIs included are sourced from the APQC database and the “Operational productivity and performance in English NHS acute hospitals: Unwarranted variations” report conducted by Lord Carter of Coles in February 2016. They are aligned to three key areas within the P2P process – Order goods and services, process invoice, and make payment. Other accounts payable KPI's are also included.

Executive Summary

Team roles

Example role profiles have been included within the toolkit – these cover the roles of Managers, team leaders, and clerks for invoice, expense, payment, and query management teams.

The examples include the key responsibilities and person specification for each role.

Example documents

This toolkit also provides a number of best practice example documents for organisations to utilise when designing their own versions. Example documents included are:

1. Purchase order exceptions list – example of what could be included in an exceptions list
2. “No PO, no pay” policy letter – example letter to be sent to non-compliant suppliers
3. Invoice return tracker – example of tracker document to capture key information of returned invoices
4. Query resolution tracker – example outlining key information to capture from queries in order to track them to resolution
5. Accounts payable dashboard – example of dashboards

Section

-  **Process Maps**
-  **Key Attributes**
-  **Risk and Controls**
-  **Technology Options**
-  **Key Performance Indicators**
-  **Team Structures – Outline Role Profiles**
-  **Example Documents**





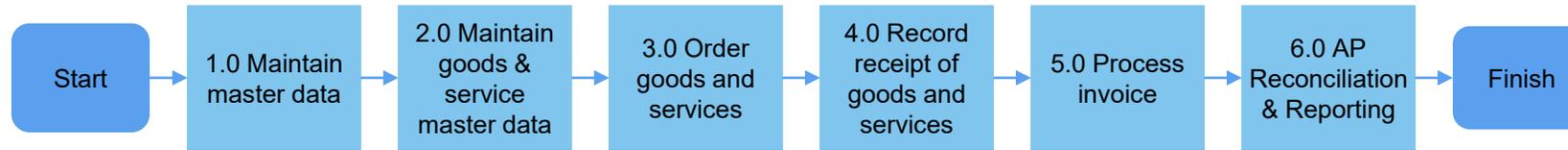
Systems & processes

Section 1

Process Maps

Procure-to-Pay

Accounts Payable Process overview – Level 2 Process Map

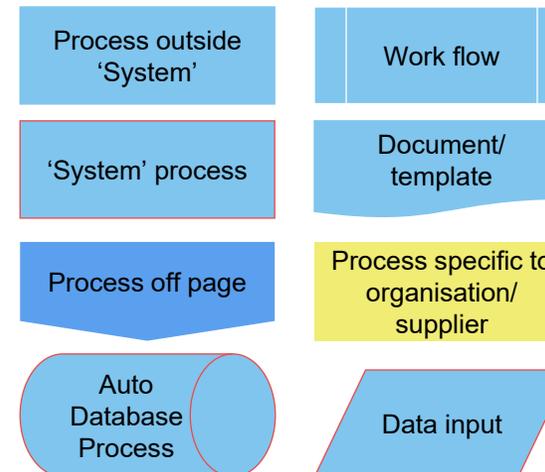


The Procure to Pay process begins with management of supplier and product master data, and extends to processing and issuance of payments to vendors

Process Objectives

1. To control the level of purchases and spend
2. Minimise cost and time of the ordering and fulfilment process
3. To reduce cost by maximising invoice processing efficiency
4. To ensure liabilities are fully recorded and accounted correctly
5. To pay supplier to the agreed terms
6. To achieve effective balance between extending credit and maintaining good relations with suppliers
7. Minimise risk of fraud by staff and external parties

Key



Roles and responsibilities

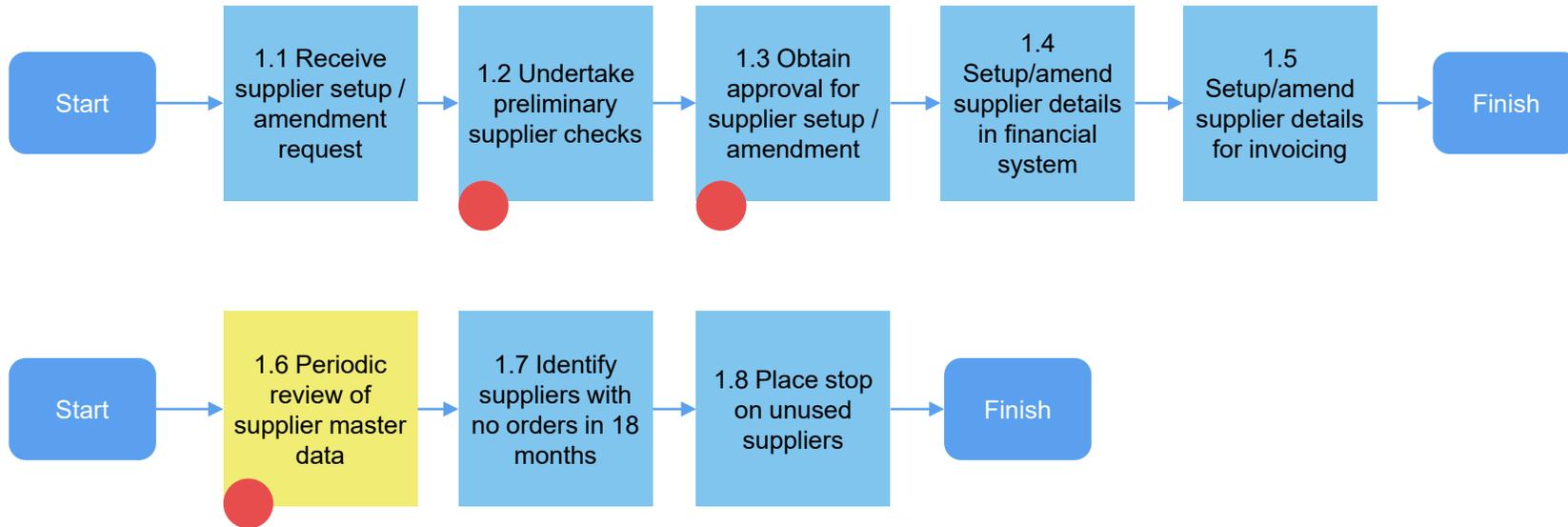
Accounts Payable Team Structure

Accounts Payable could be organised in various ways; for example, Query Resolution could be organised by supplier name (team 1 for names A to G, team 2 for names H to N, etc.), or by supplier type (high volume, high value, type of products, etc.), or by query type.

Activity	Description
Supplier master data management	<ul style="list-style-type: none"> • Add new suppliers to the system • Complete verification checks on new suppliers (e.g., bank account information) • Update supplier changes • Manage the supplier service portal • Ensure the supplier data base reconciles with other core systems (e.g., with the catalogue)
Invoice Scanning	<ul style="list-style-type: none"> • Sort post into invoice categories • Match received invoices with no POs with exceptions list • Scan paper invoices • Amend uploaded invoice templates where fields are not recognised • Verify and validate scanned invoices • Code invoices without a PO (where valid)
Query Resolution	<ul style="list-style-type: none"> • Conduct a manual three way match where required • Direct scanned invoices to the correct workflow • Record, track and resolve invoice/payment queries made by suppliers • Record, track and resolve invoice/payment queries made by budget holders or other staff • Chase budget holders to review and approve invoices when required • Liaise with Procurement and budget holders to resolve price or quantity variances
Accounting and Payment	<ul style="list-style-type: none"> • Conduct and manage payment run process • Conduct supplier statement reporting and reconciliations • Process accounting entries for adjustments (e.g., credit notes, etc.) • Engage with Treasury and other departments to manage cash

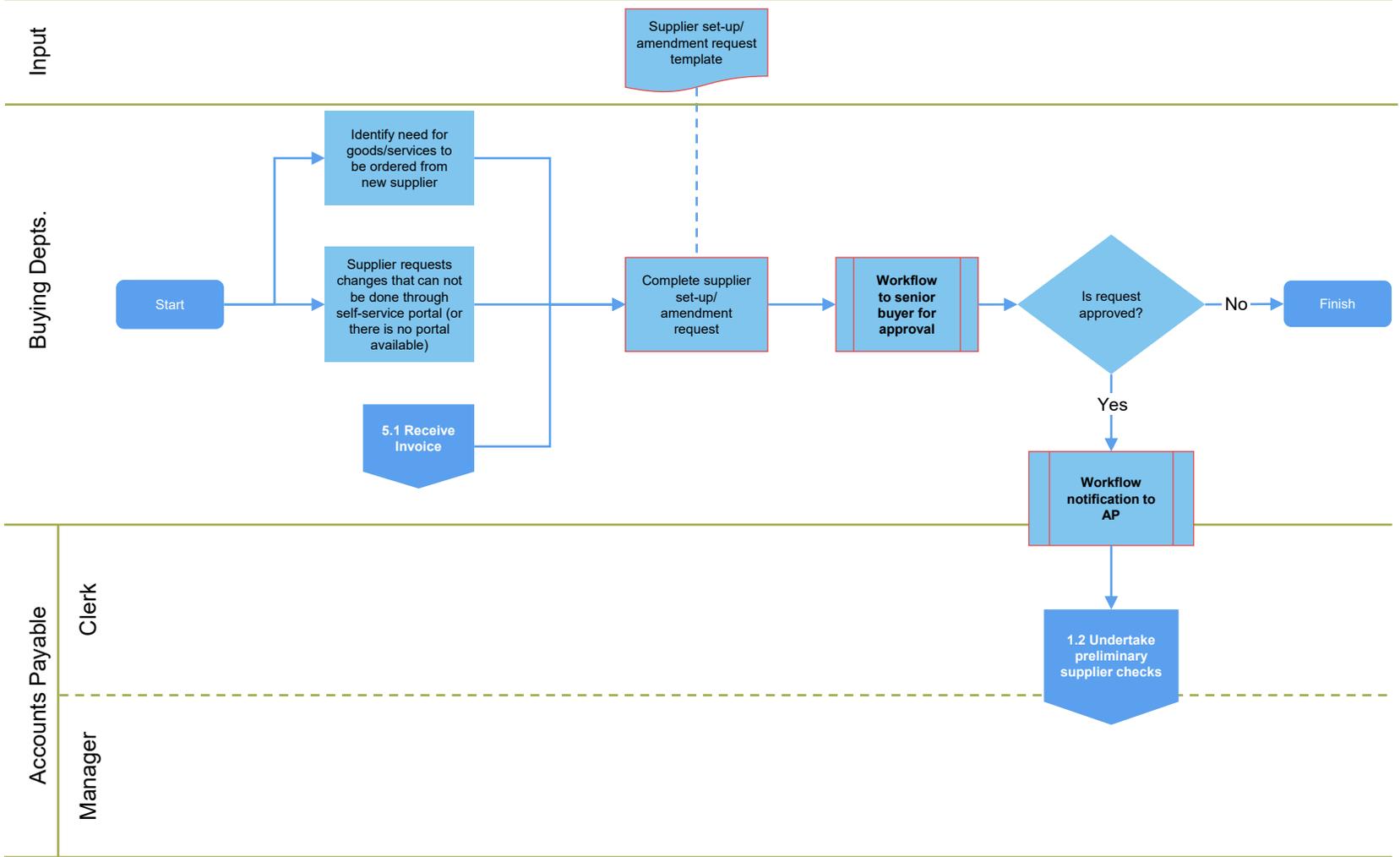
1.0 Maintain supplier master data (L3 map)

- Risk & control
- Policy/template
- KPI



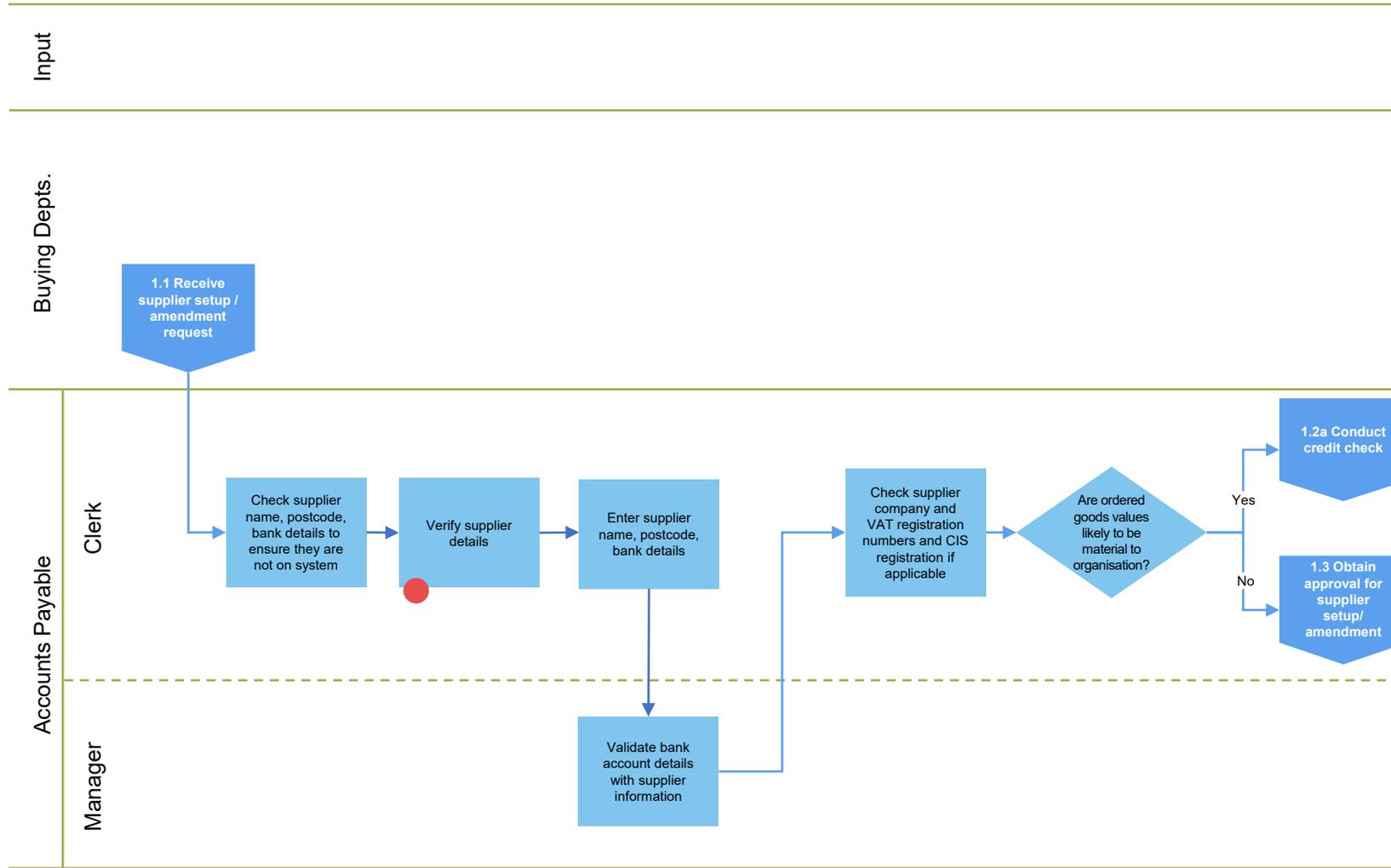
1.1 Receive supplier setup/amendment request

- Risk & control
- Policy/template
- KPI



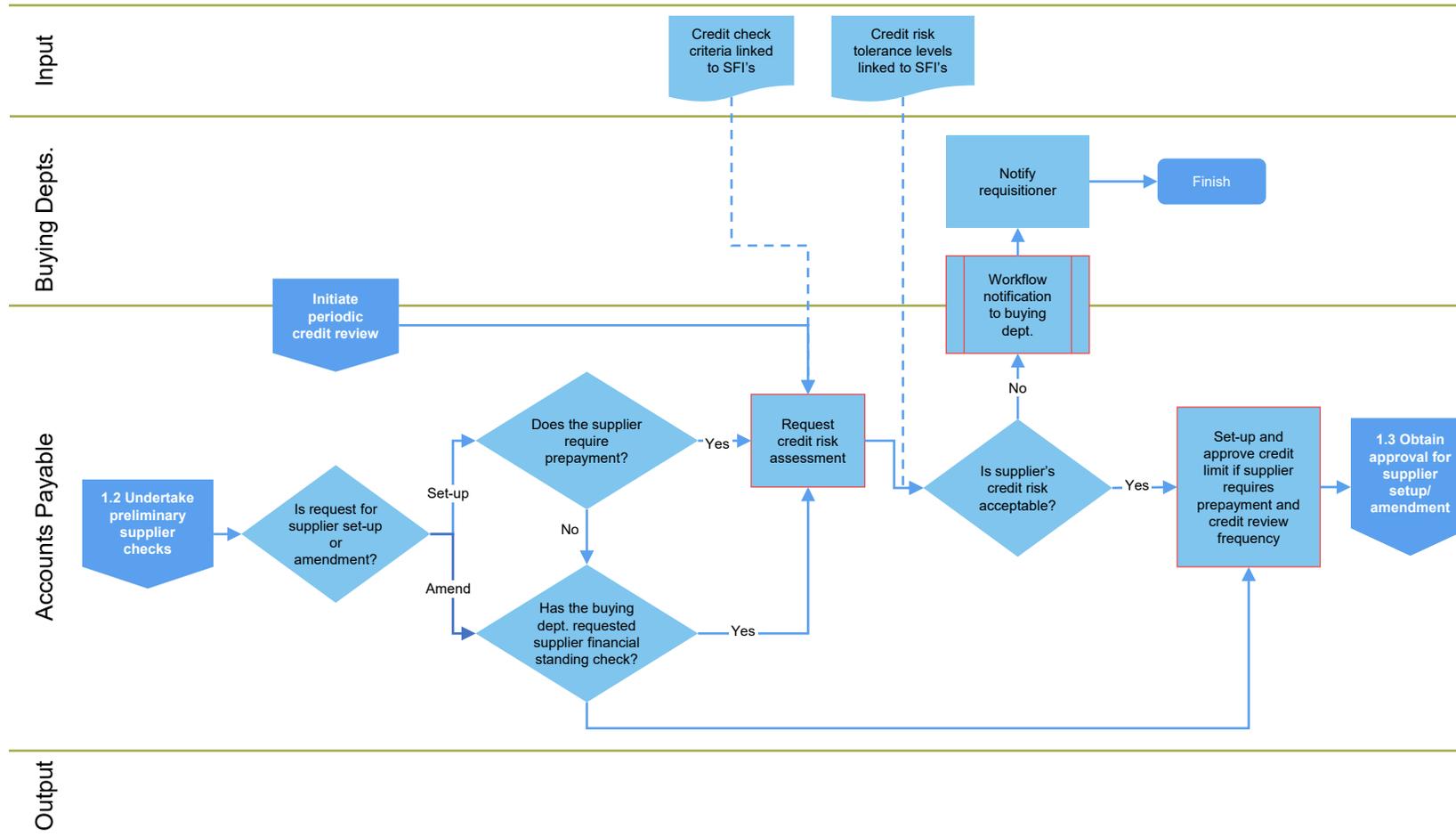
1.2 Undertake preliminary supplier checks

- Risk & control
- Policy/template
- KPI



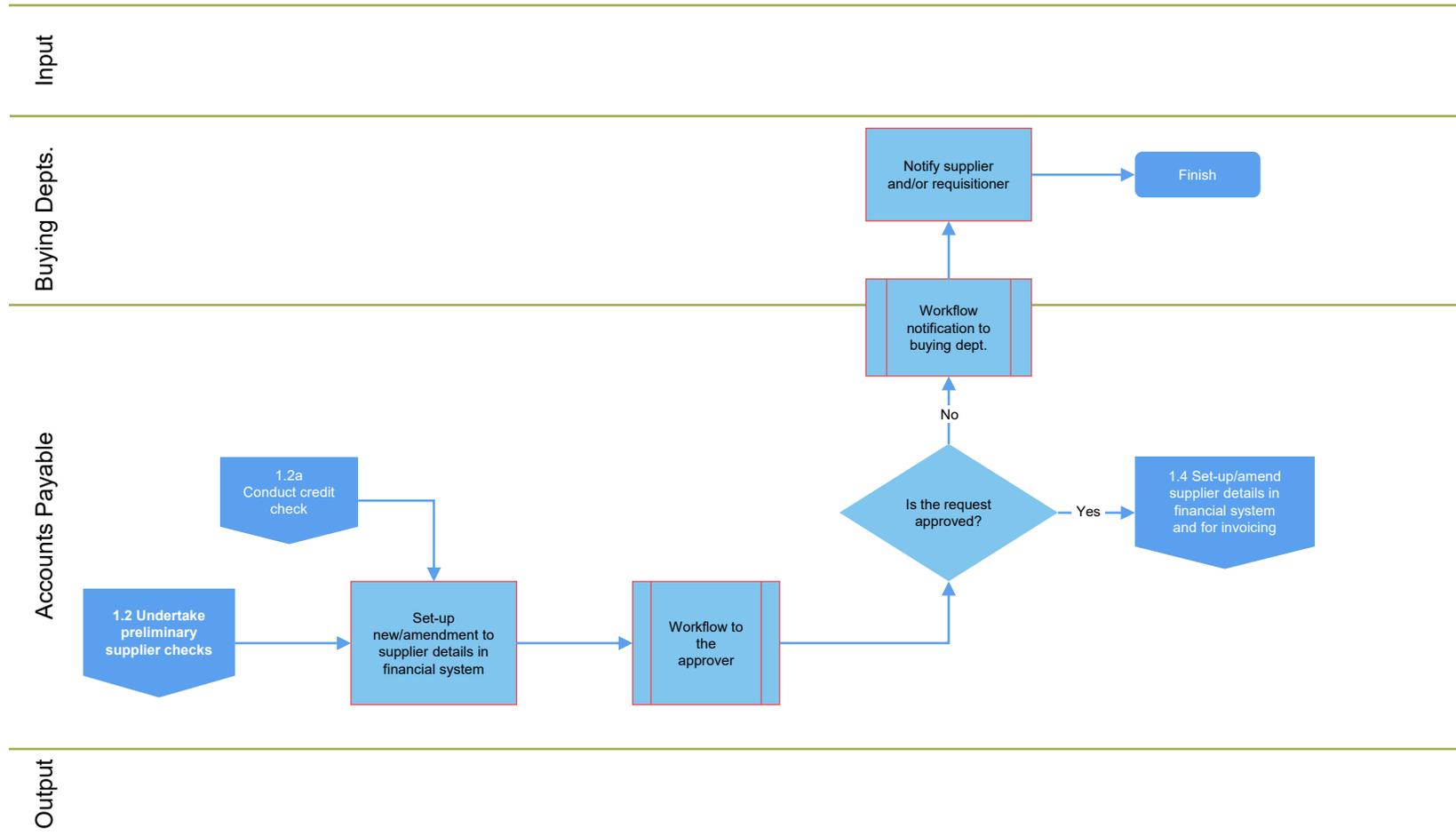
1.2a Conduct credit check

- Risk & control
- Policy/template
- KPI



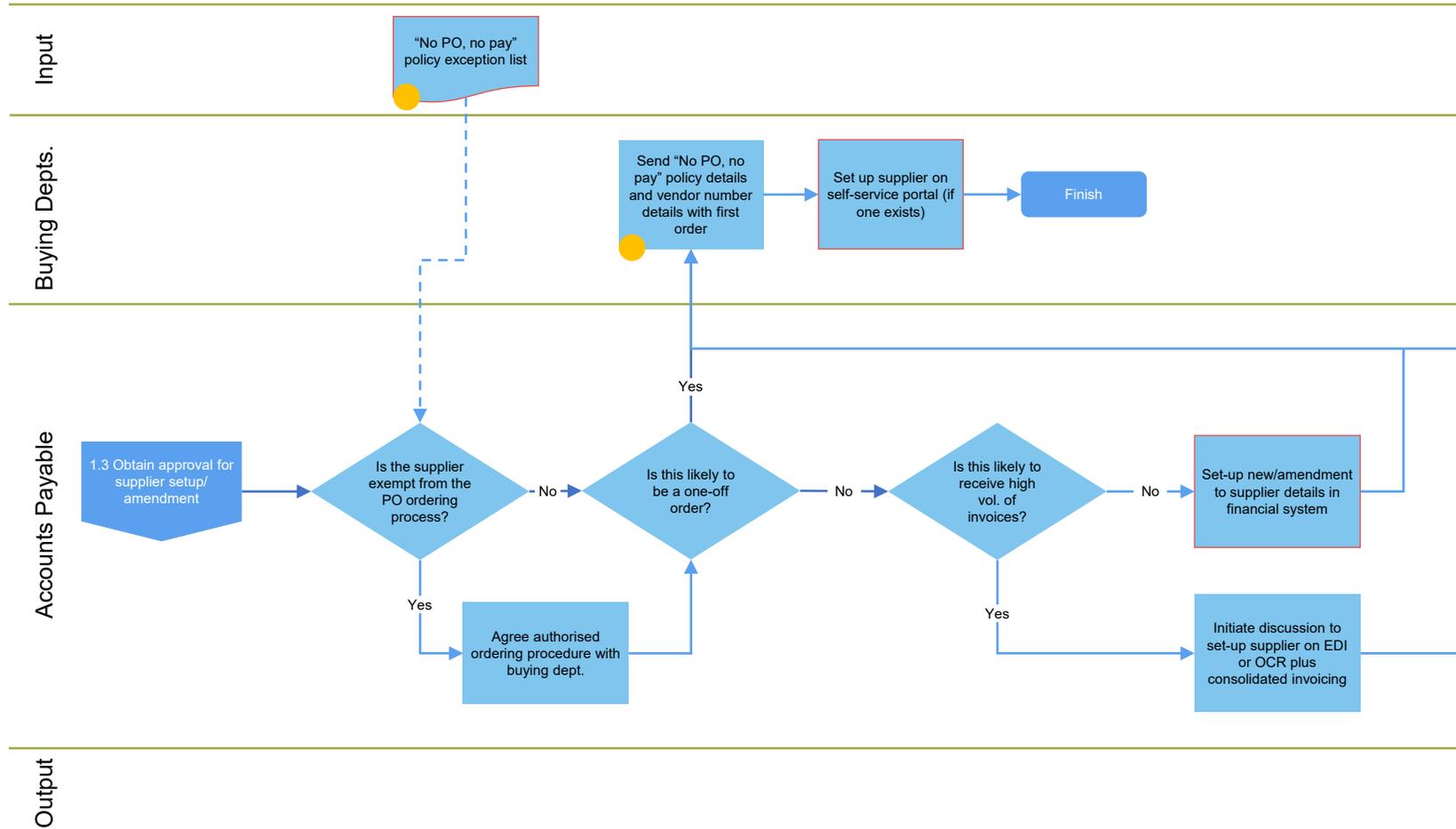
1.3 Obtain approval for supplier setup/amendment

- Risk & control
- Policy/template
- KPI



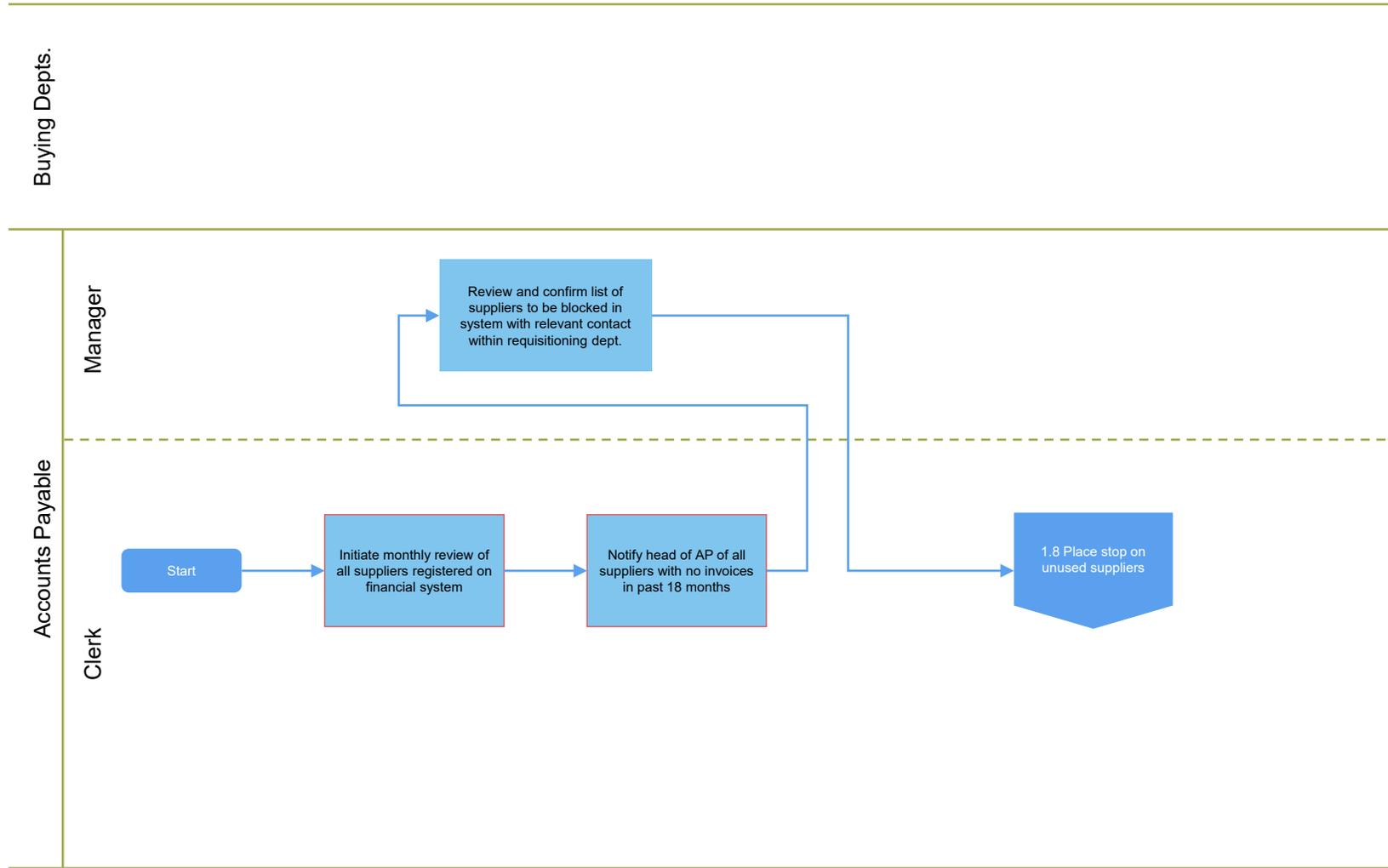
1.4 Set-up/amend supplier details in financial system and 1.5 for invoicing

- Risk & control
- Policy/template
- KPI



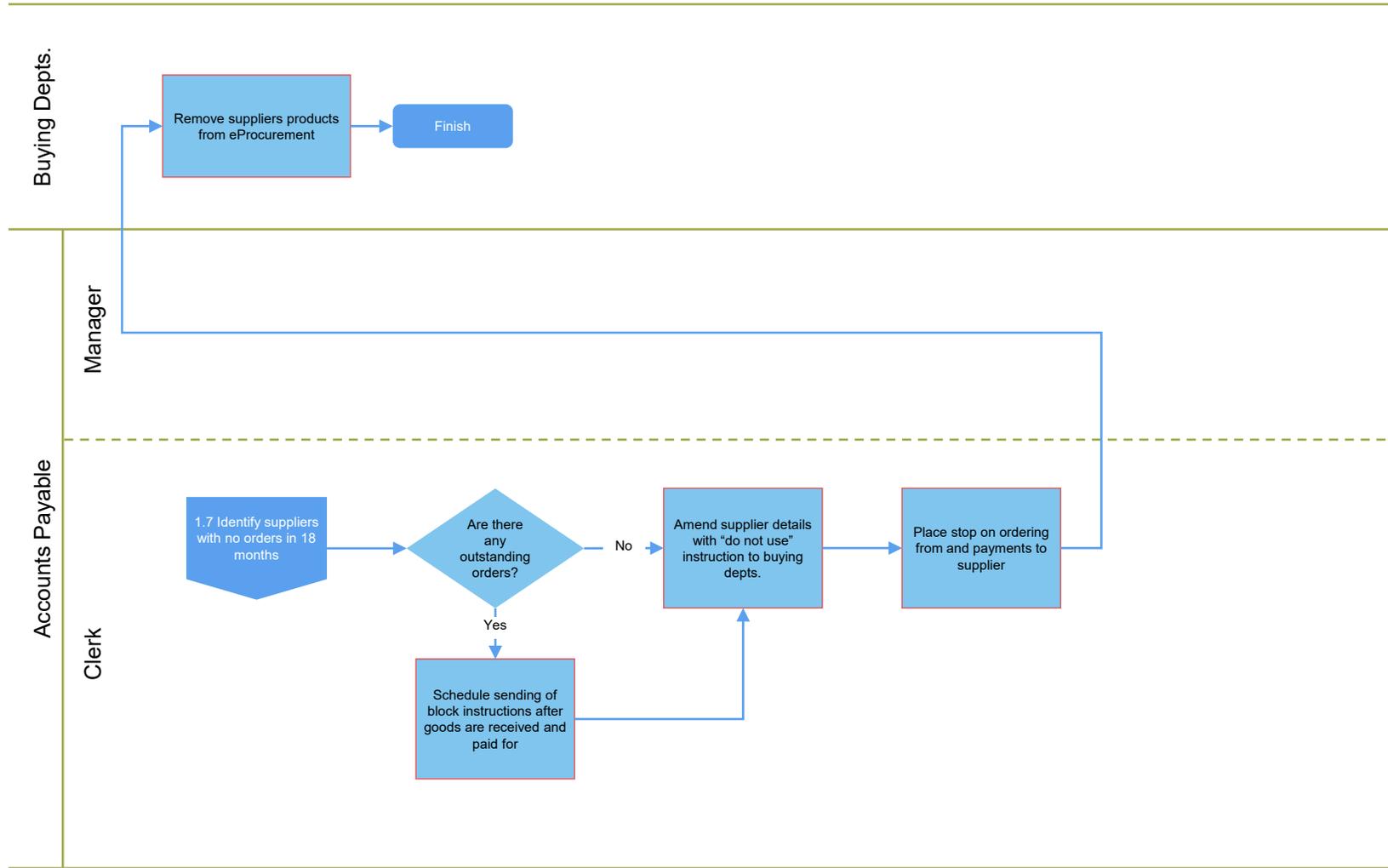
1.7 Identify suppliers with no orders in 18 months

- Risk & control
- Policy/template
- KPI



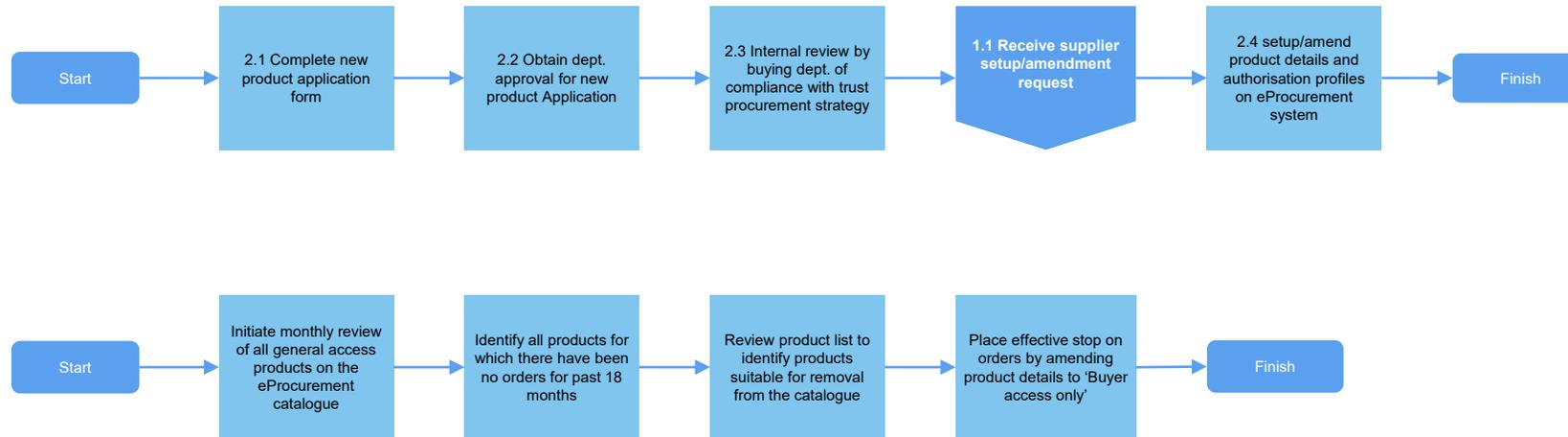
1.8 Place stop on unused suppliers

- Risk & control
- Policy/template
- KPI



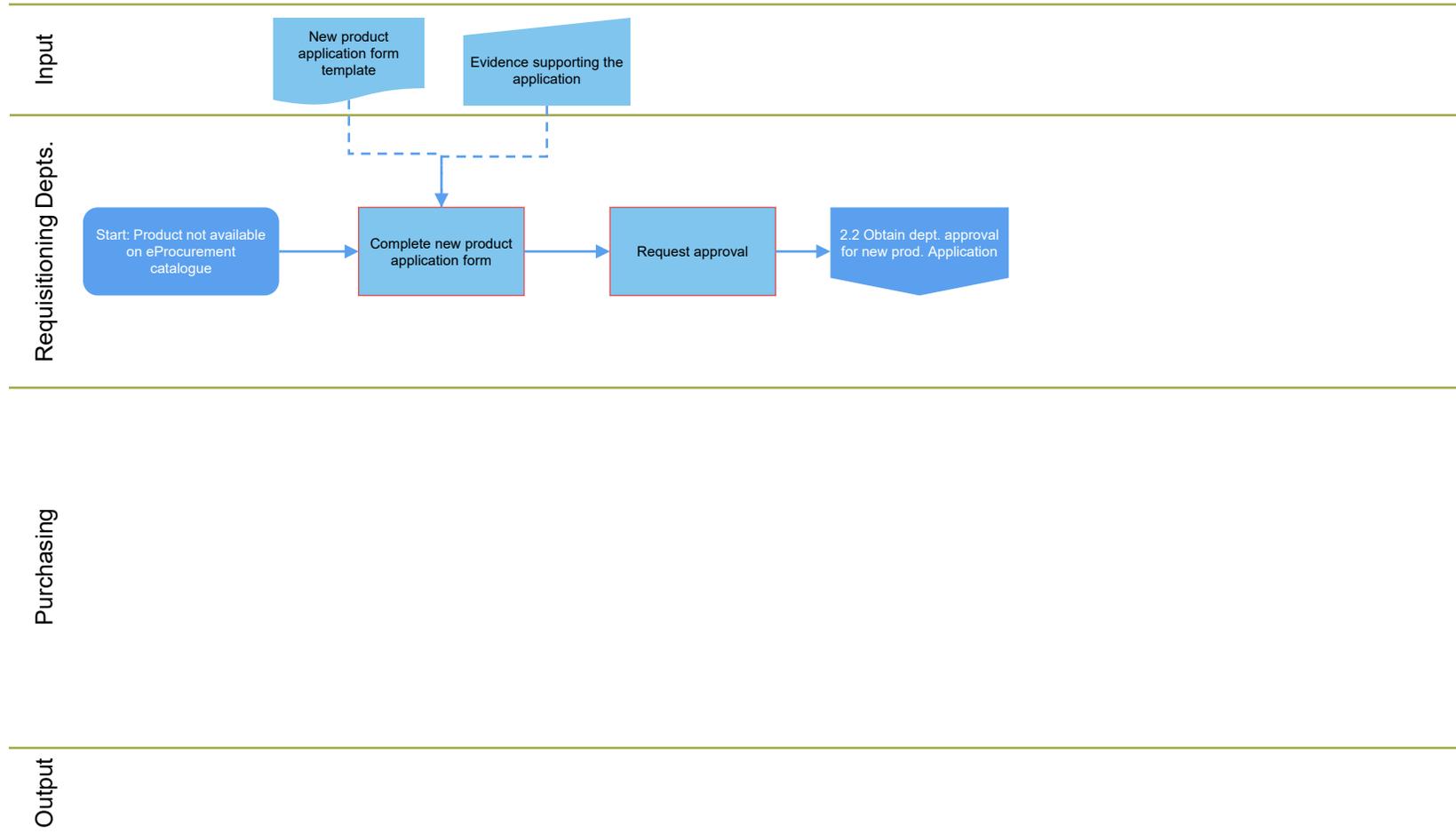
- Risk & control
- Policy/template
- KPI

2.0 Maintain goods & service master data (L3 map)



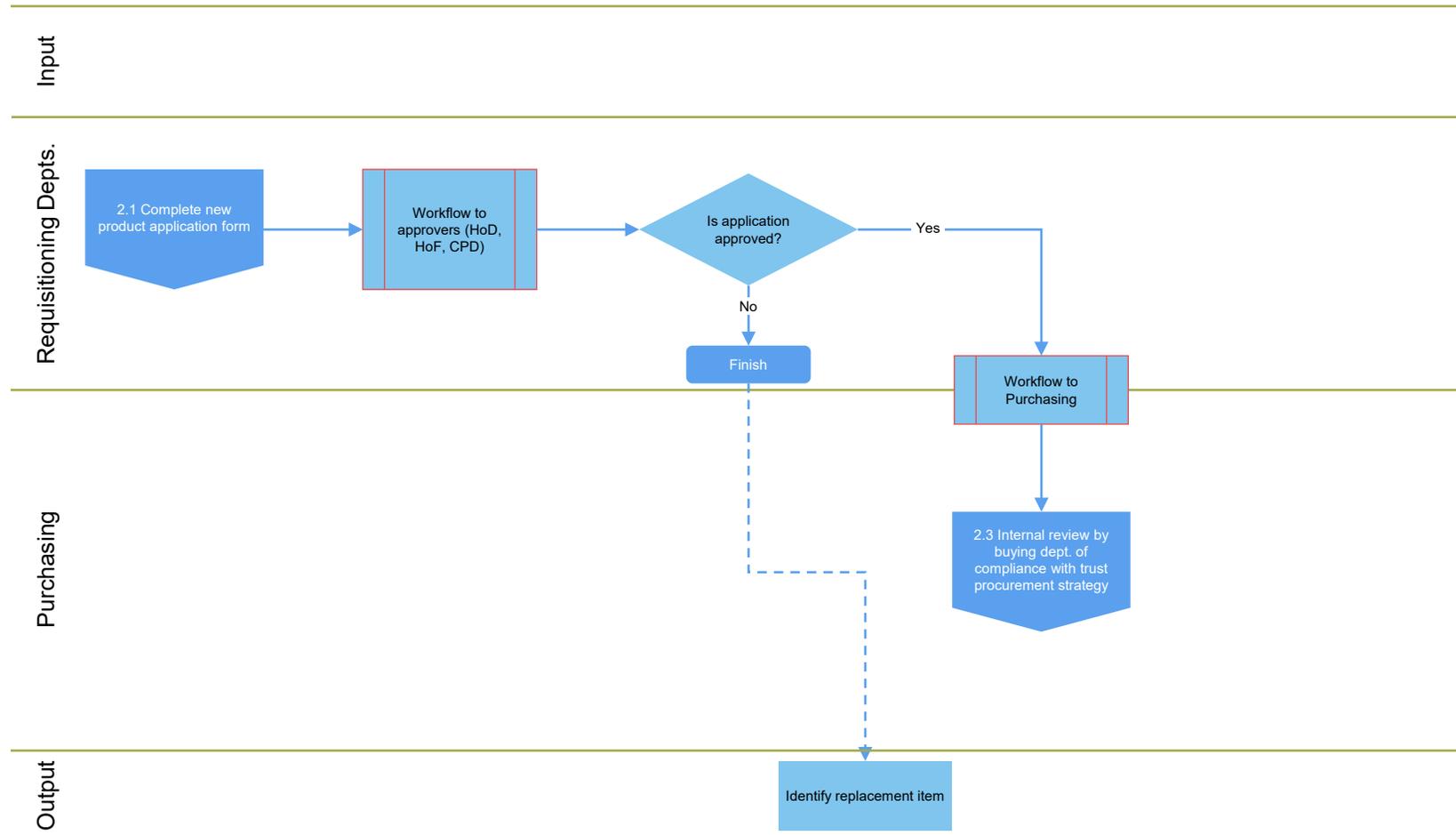
2.1 Complete new product application form

- Risk & control
- Policy/template
- KPI



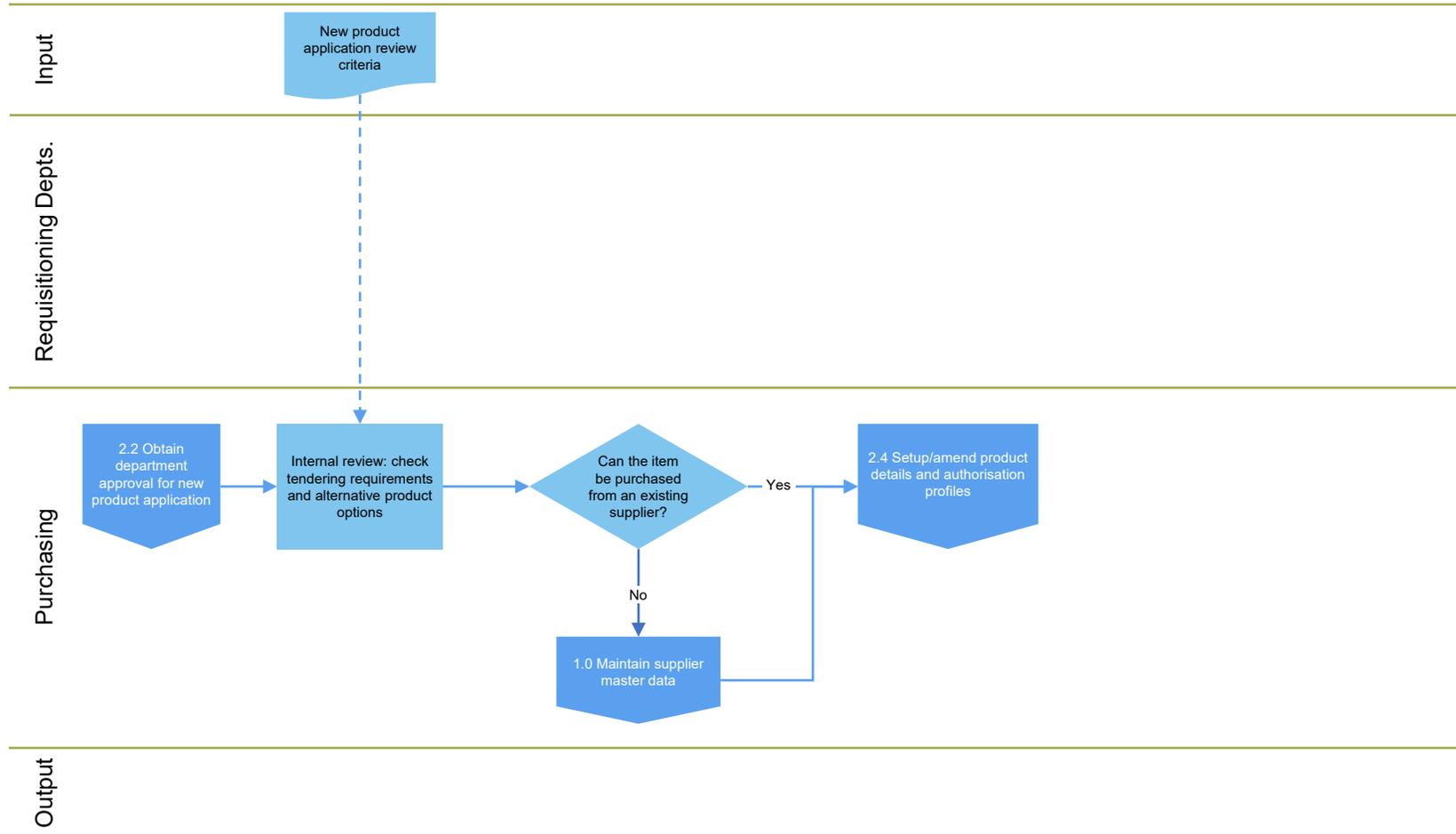
2.2 Obtain department approval for new product application

- Risk & control
- Policy/template
- KPI



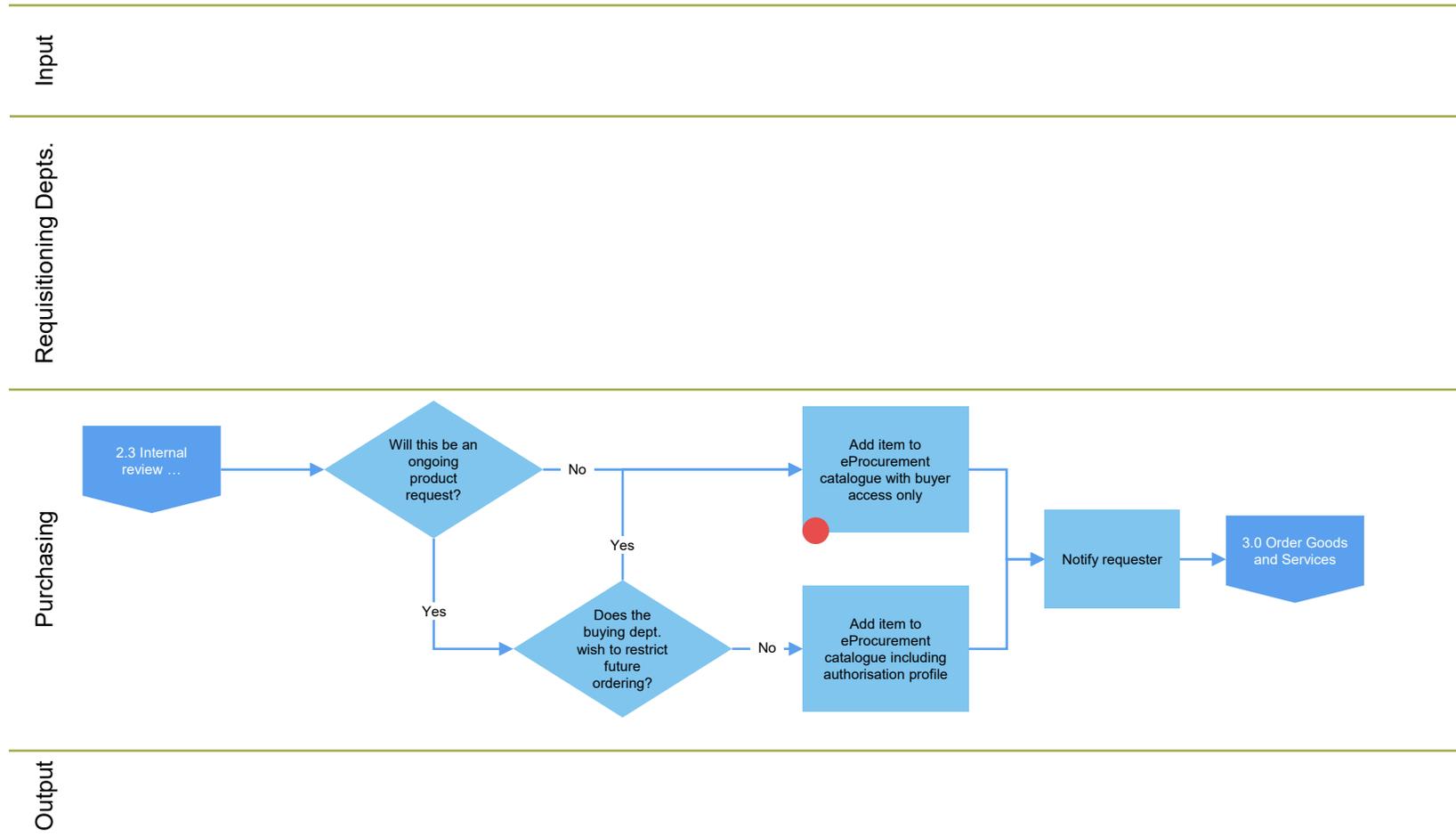
2.3 Internal review by buying department of compliance with trust procurement strategy

- Risk & control
- Policy/template
- KPI



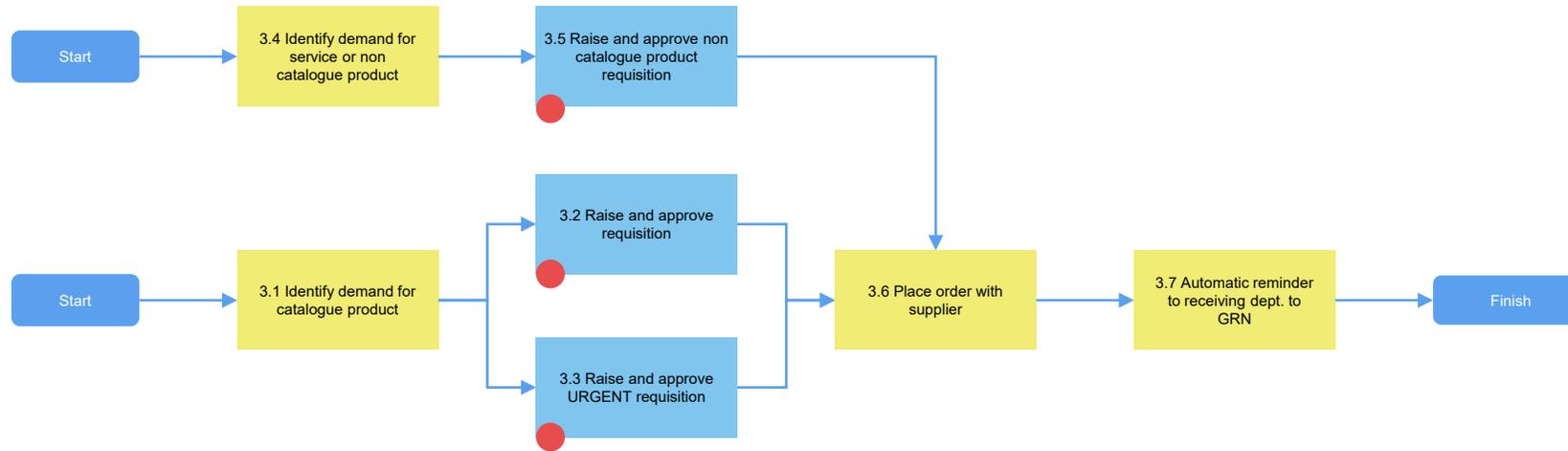
2.4 Setup/amend product details and authorisation profiles on eProcurement system

- Risk & control
- Policy/template
- KPI



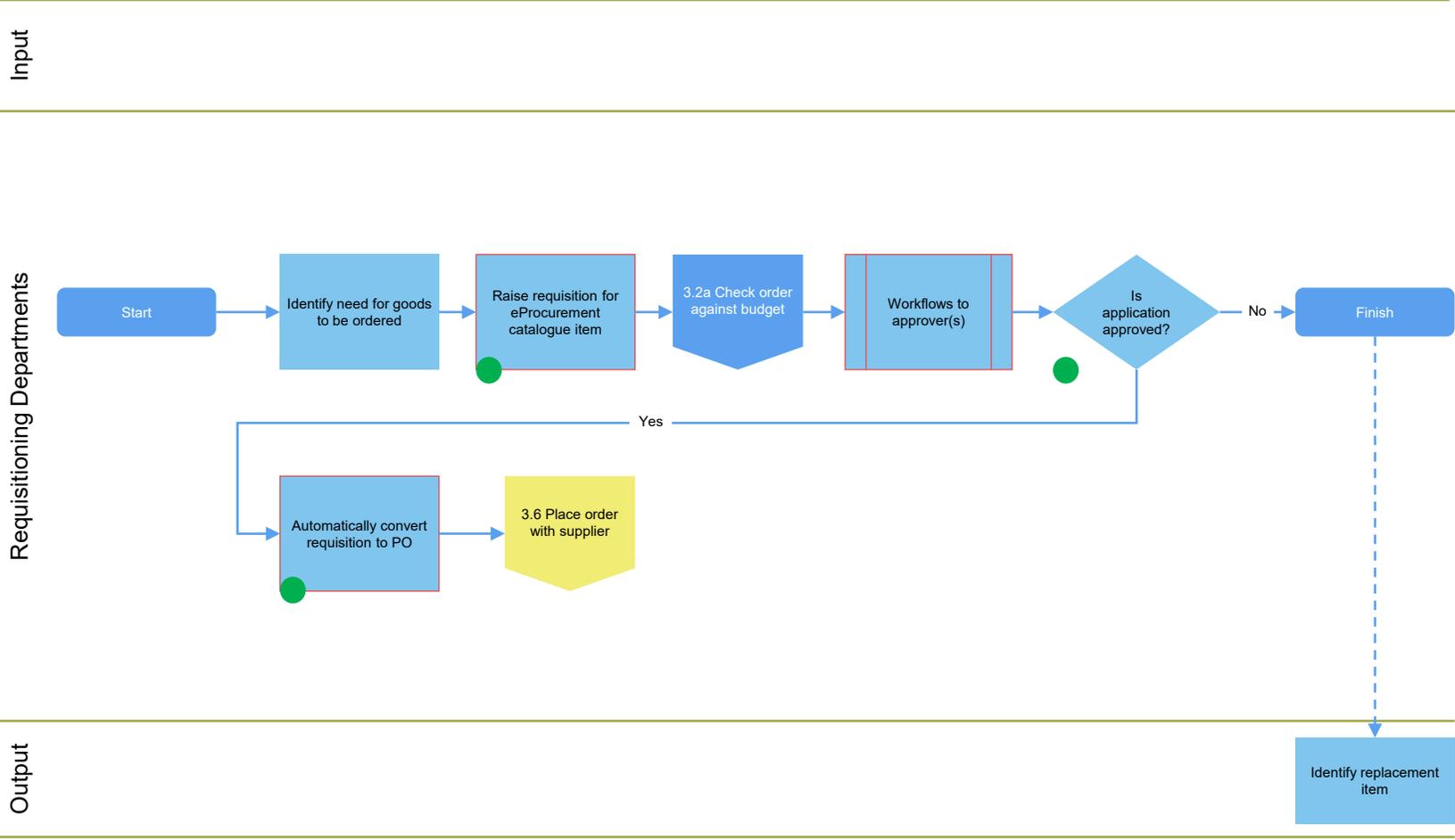
3.0 Order Goods and Services (L3 map)

- Risk & control
- Policy/template
- KPI



3.2 Raise catalogue requisition process

- Risk & control
- Policy/template
- KPI

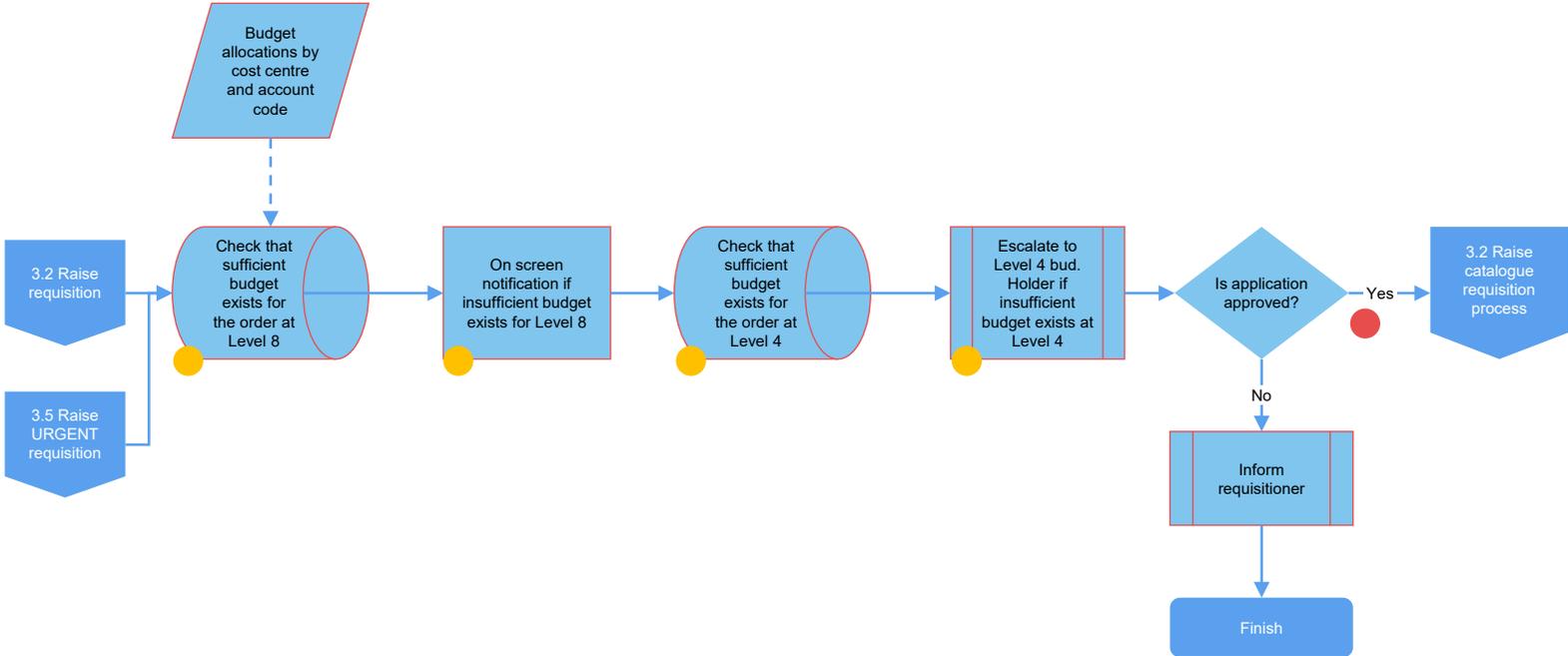


3.2a Check order against budget

- Risk & control
- Policy/template
- KPI

Input

Requisitioning Departments

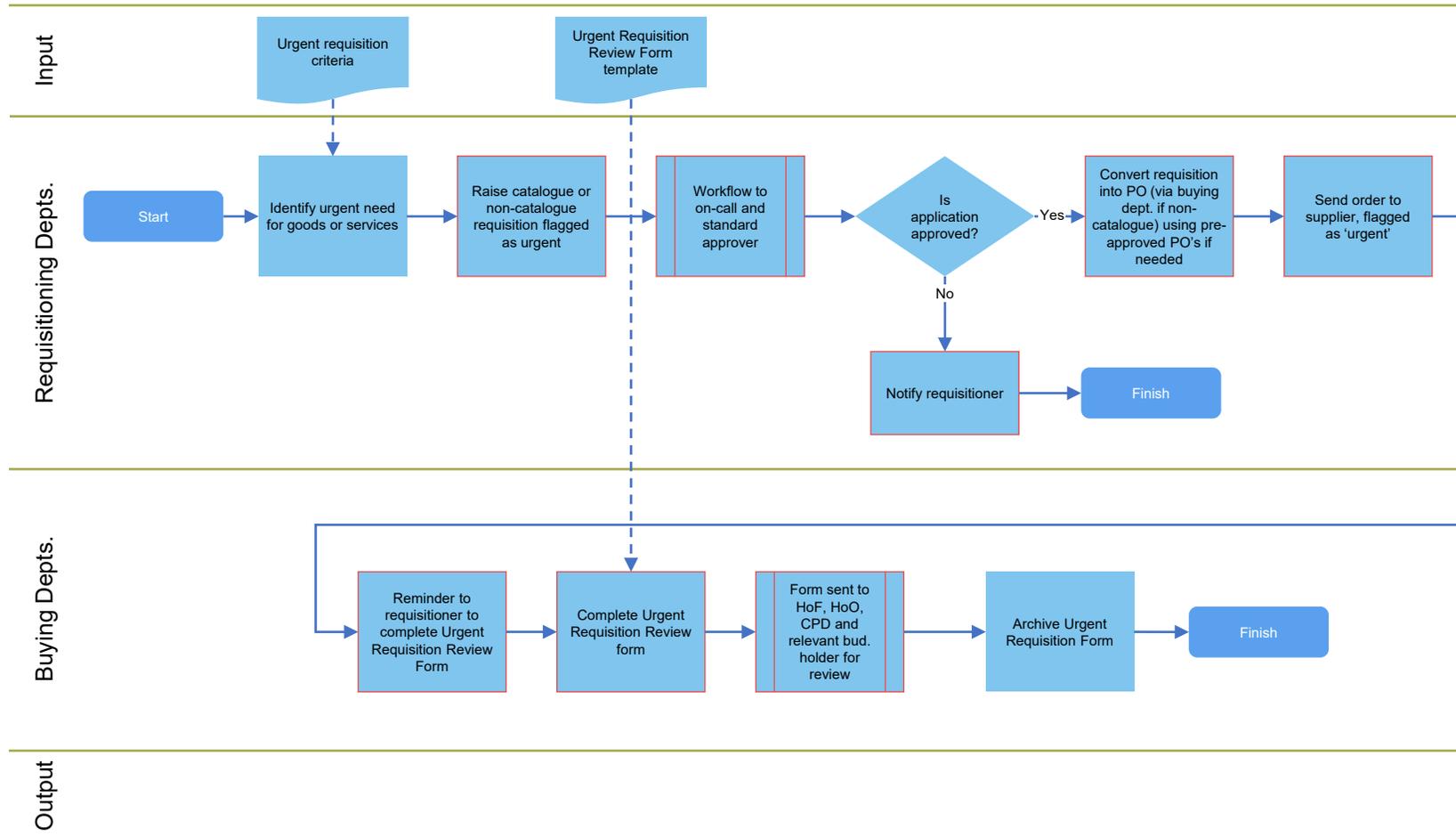


Output

Note: For the purpose of this Toolkit it is assumed that organisations are following a standard chart of accounts similar to that found in example documents (linked above)

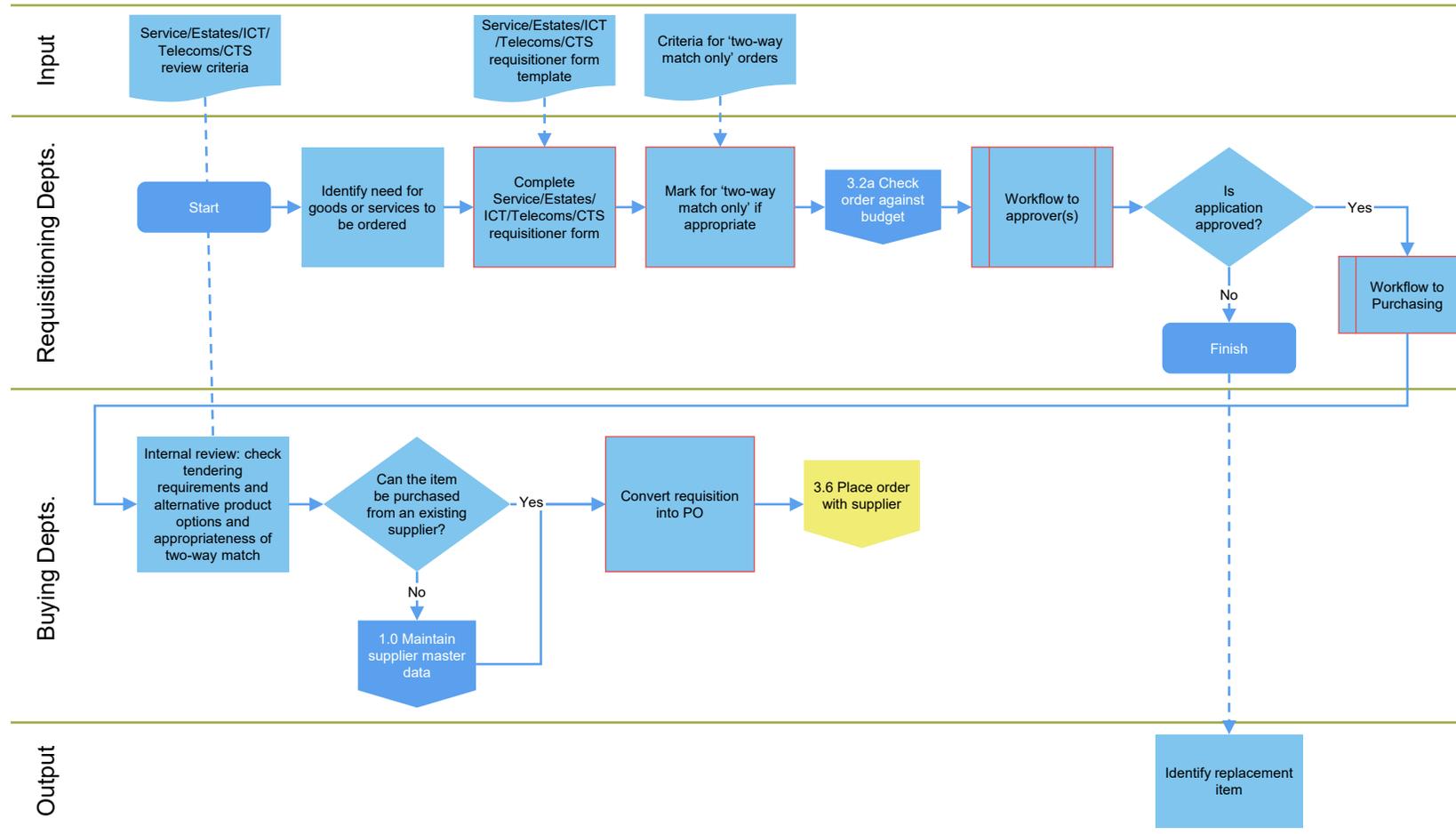
3.3 Raise urgent requisition

- Risk & control
- Policy/template
- KPI



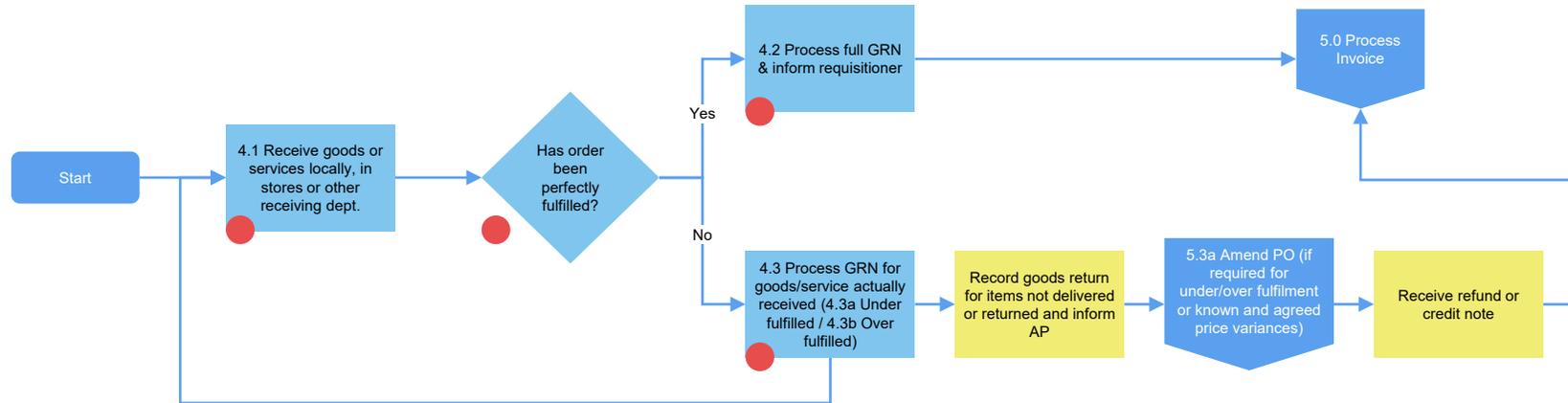
3.5 Raise non-catalogue/service requisition process

- Risk & control
- Policy/template
- KPI



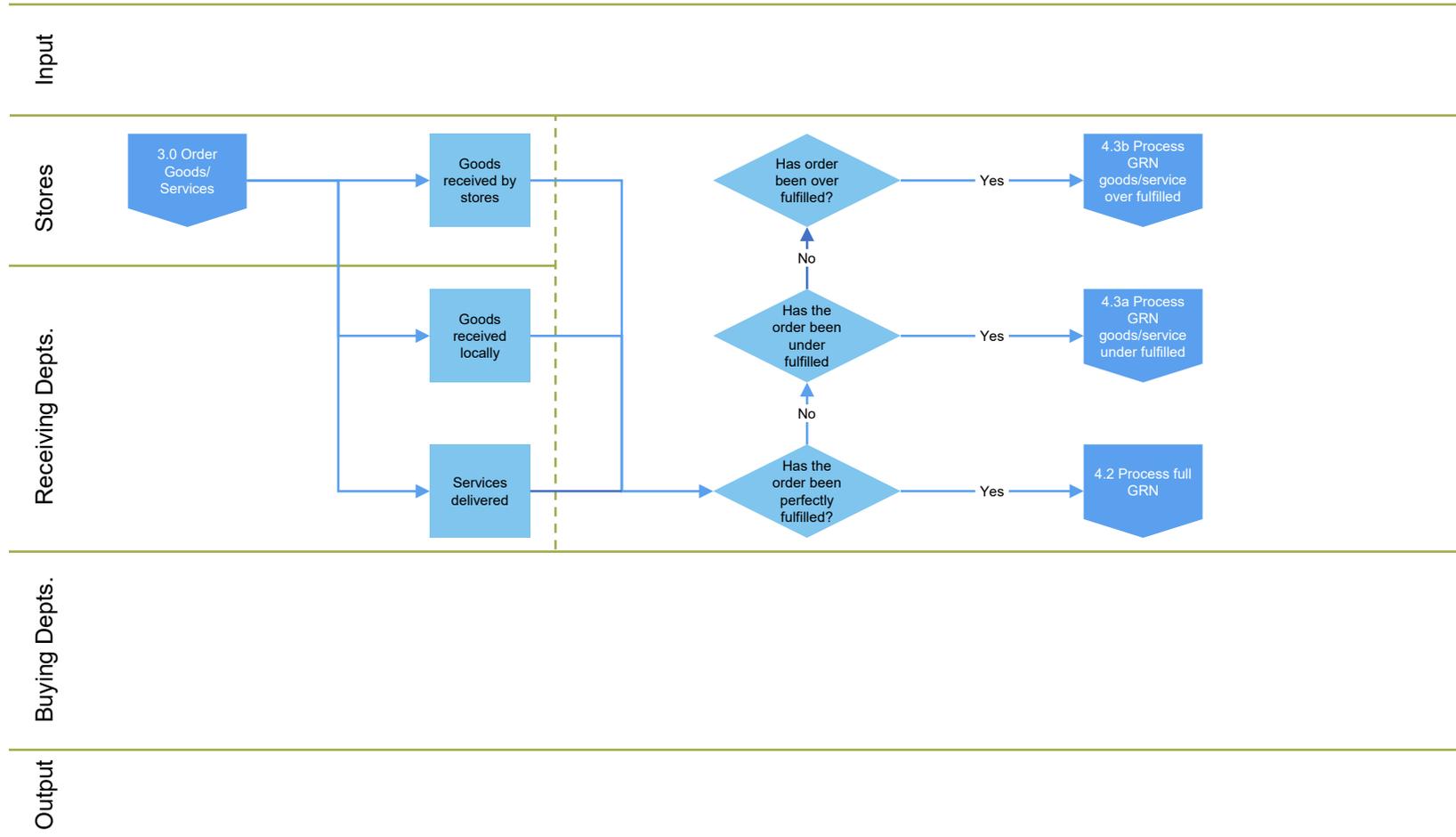
- Risk & control
- Policy/template
- KPI

4.0 Record receipt of goods and services (L3 map)



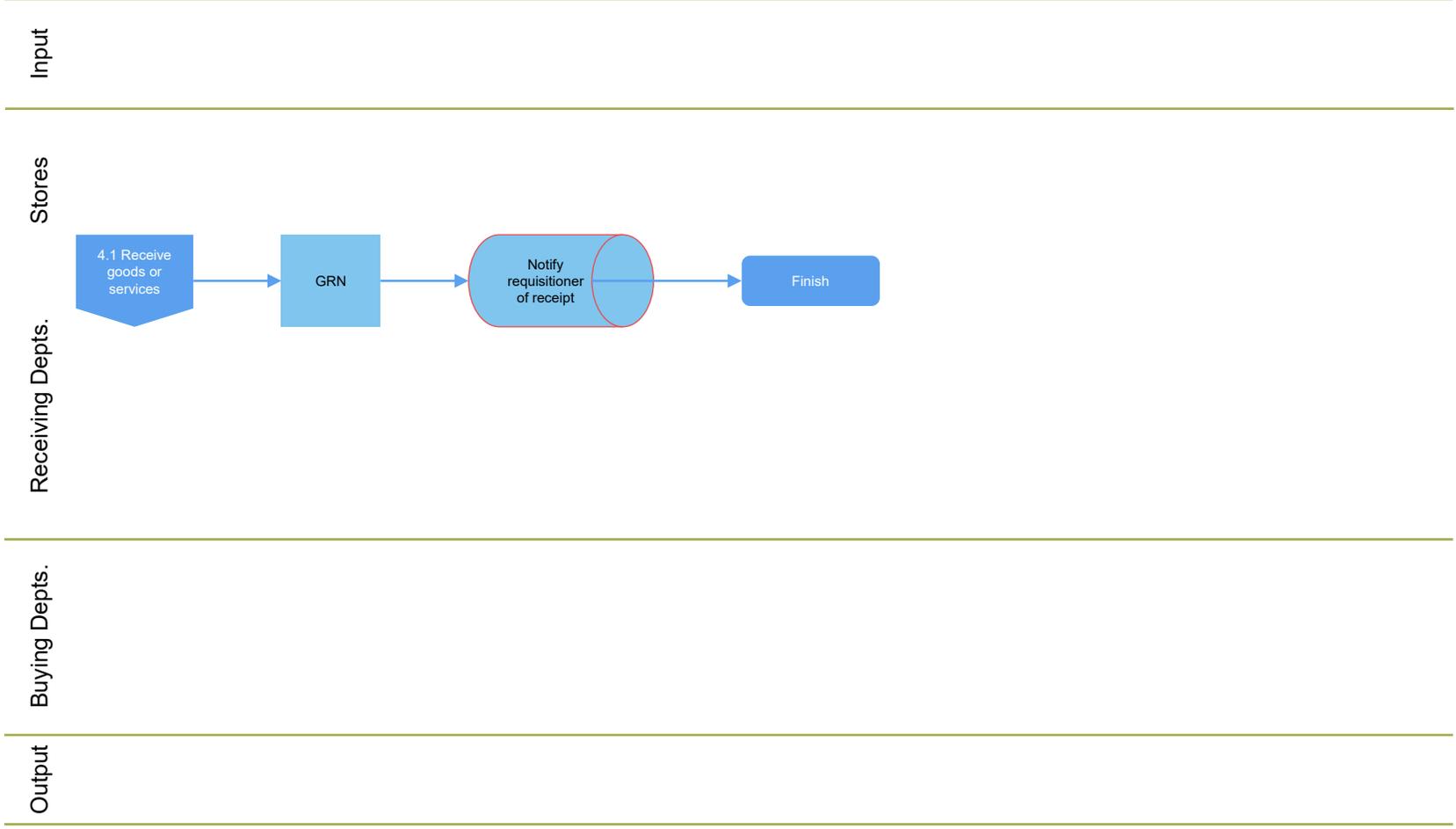
4.1 Receive goods or services

- Risk & control
- Policy/template
- KPI



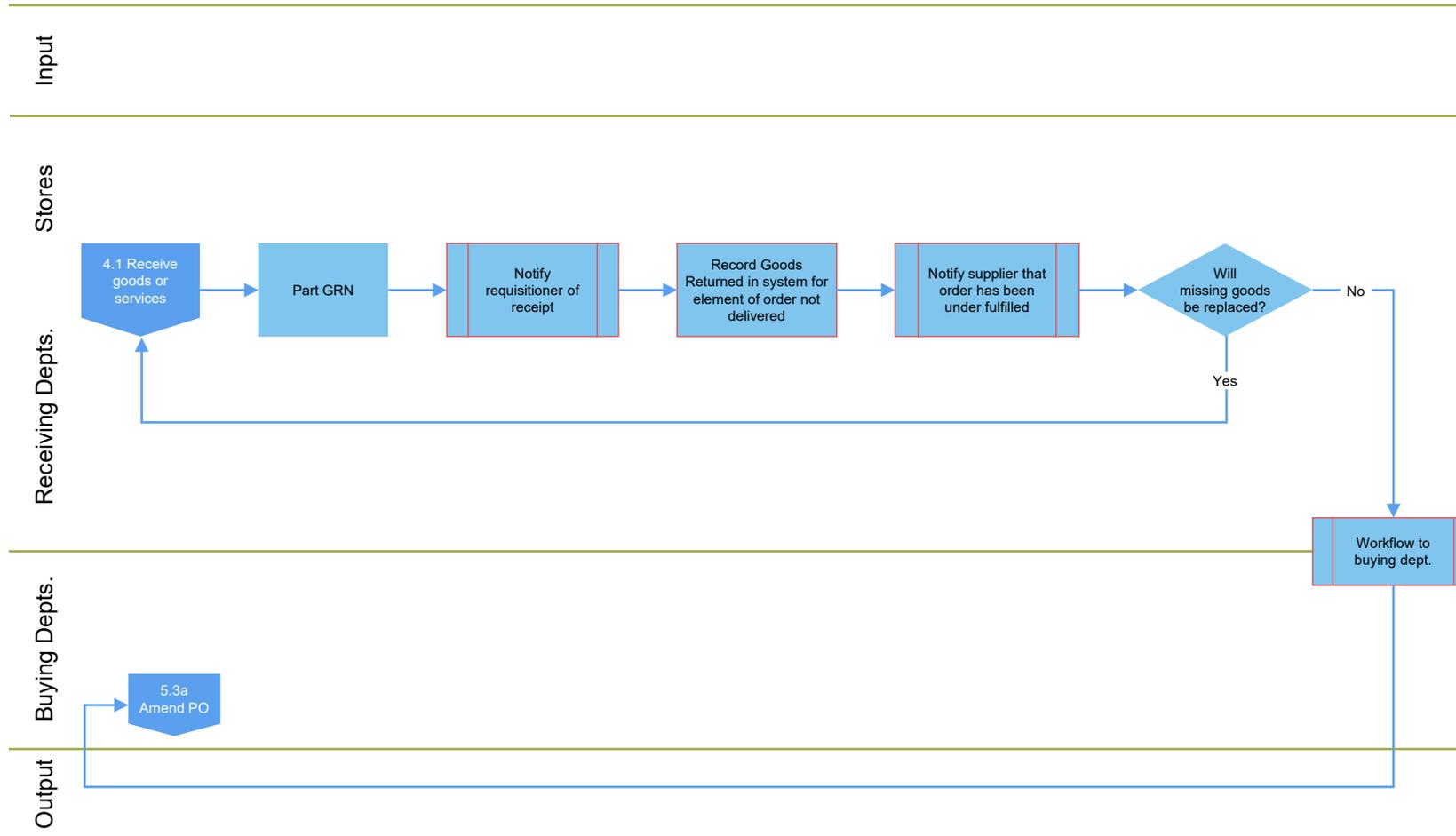
4.2 Process full GRN

- Risk & control
- Policy/template
- KPI



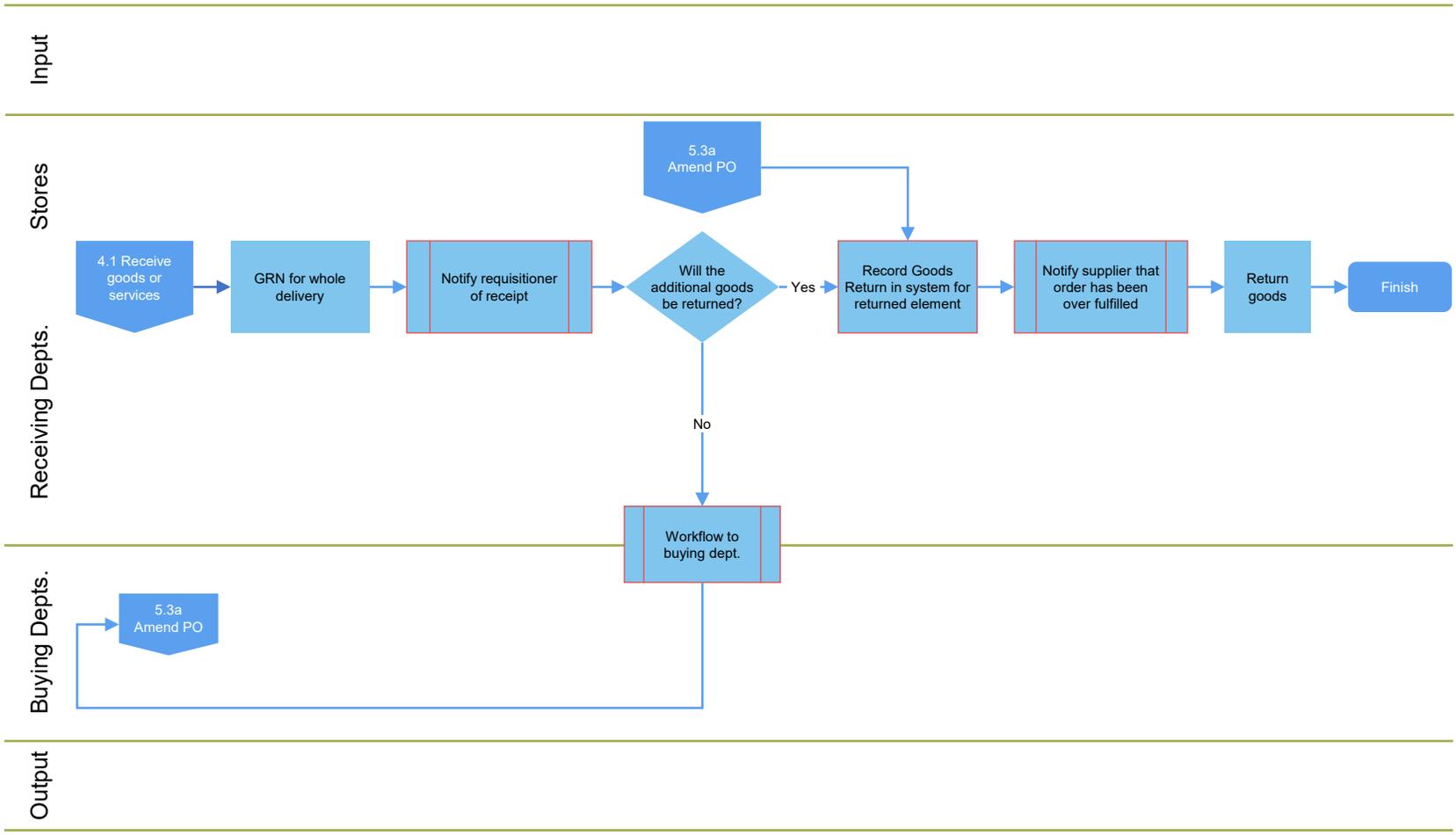
4.3a Process GRN goods/service under fulfilled

- Risk & control
- Policy/template
- KPI



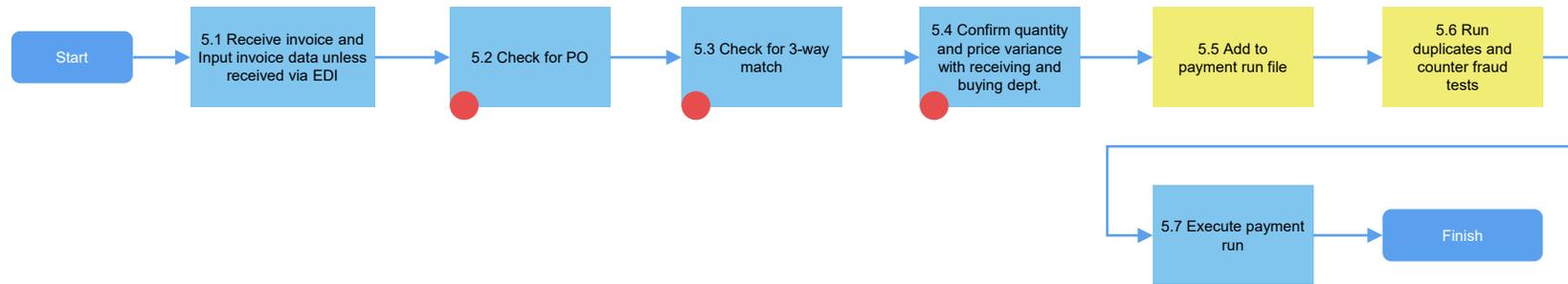
4.3b Process GRN for goods/service over fulfilled

- Risk & control
- Policy/template
- KPI



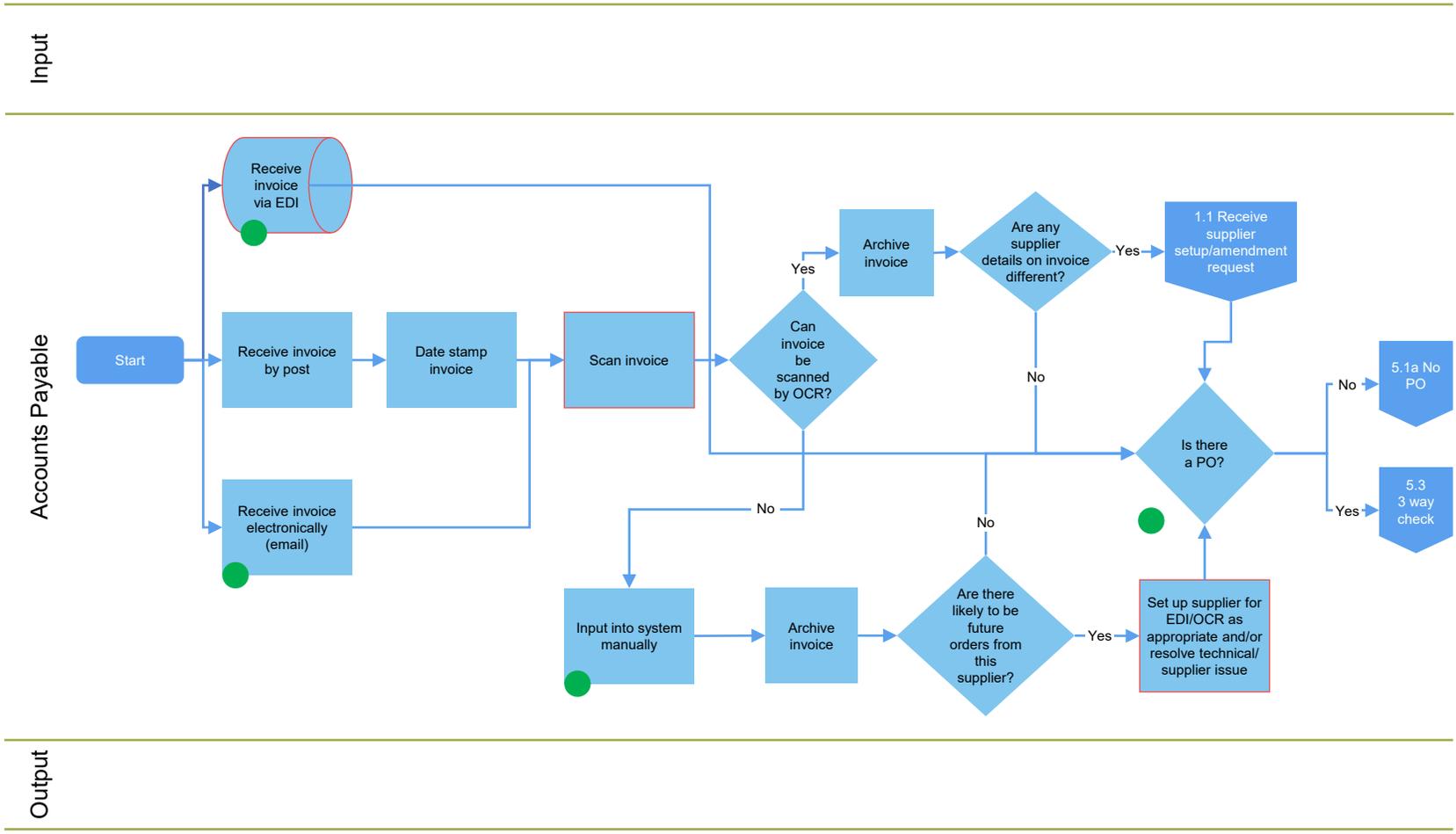
5.0 Process Invoice (L3 map)

- Risk & control
- Policy/template
- KPI



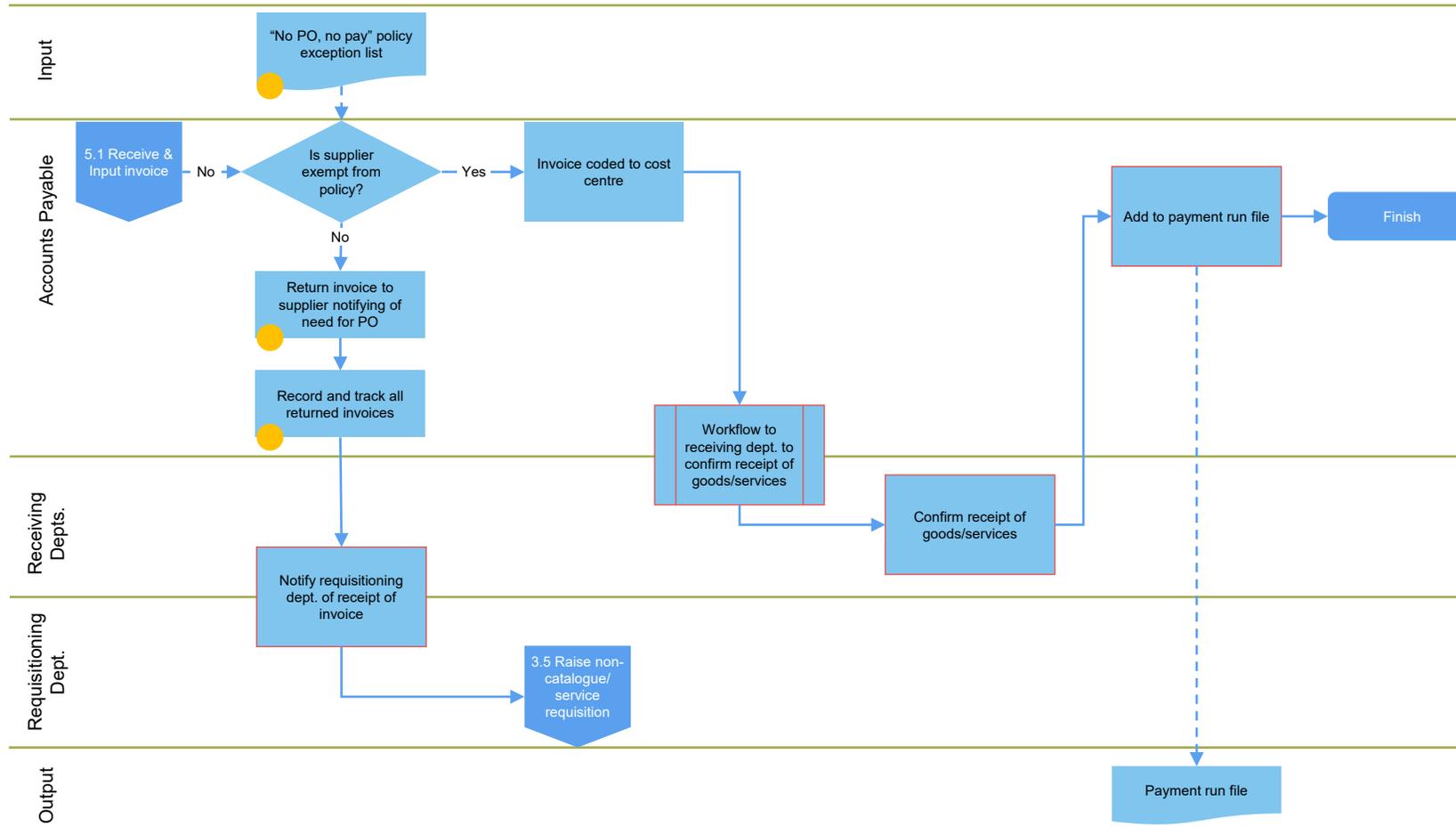
5.1 Receive invoice and Input invoice & 5.2 Check for PO

- Risk & control
- Policy/template
- KPI



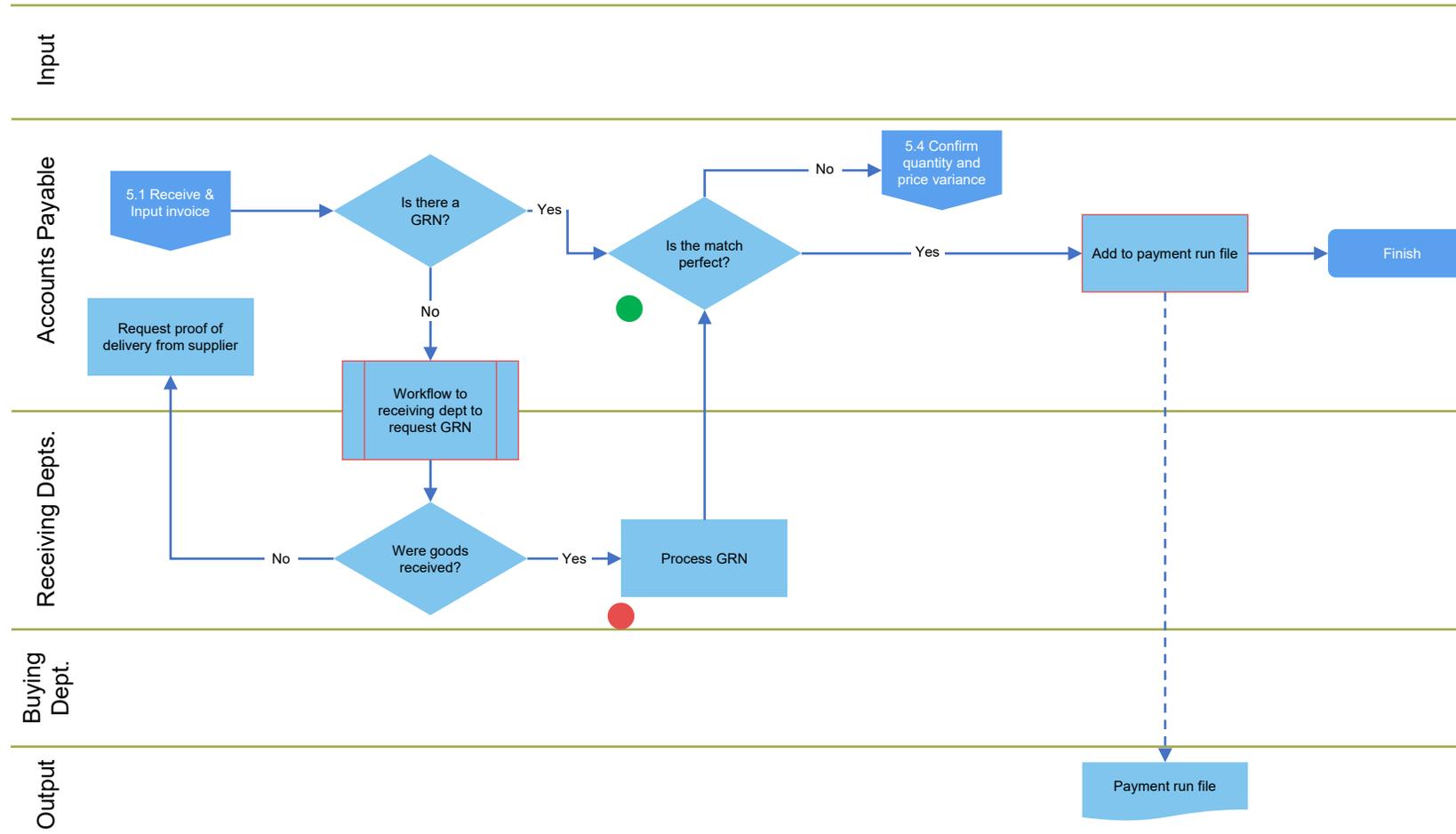
5.1a No PO

- Risk & control
- Policy/template
- KPI



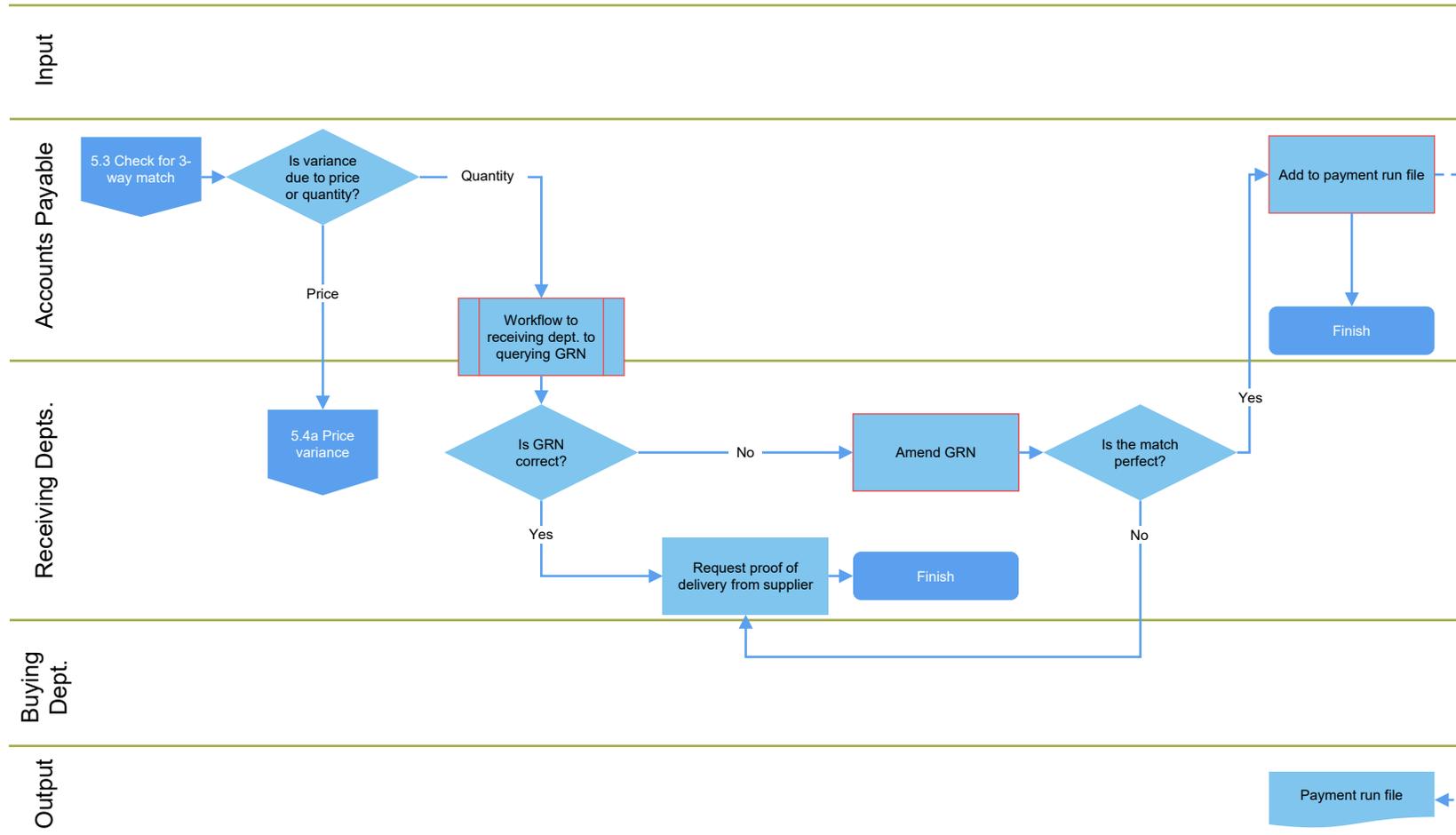
5.3 Check for 3-way match

- Risk & control
- Policy/template
- KPI



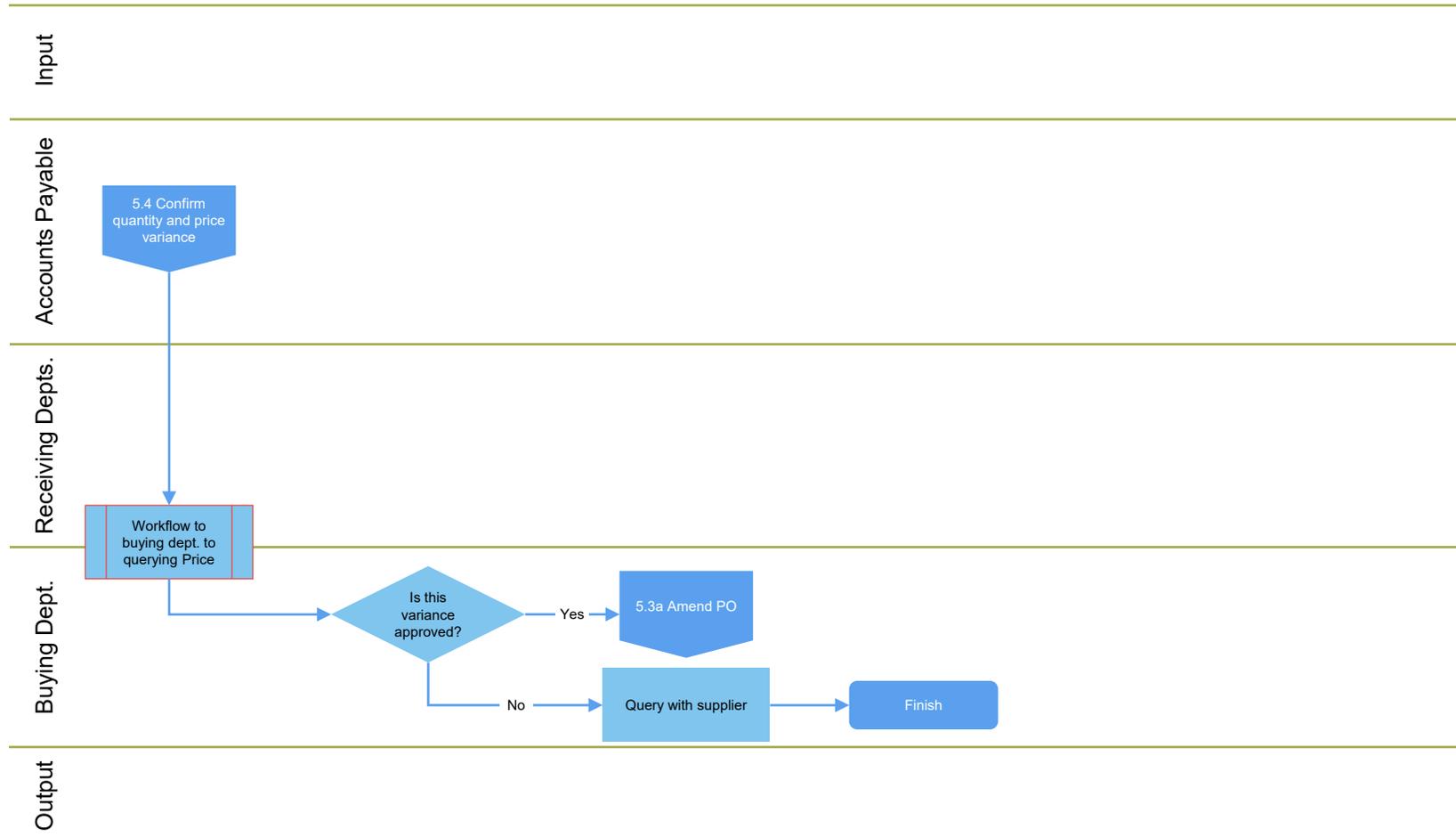
5.4 Confirm quantity and price variance

- Risk & control
- Policy/template
- KPI



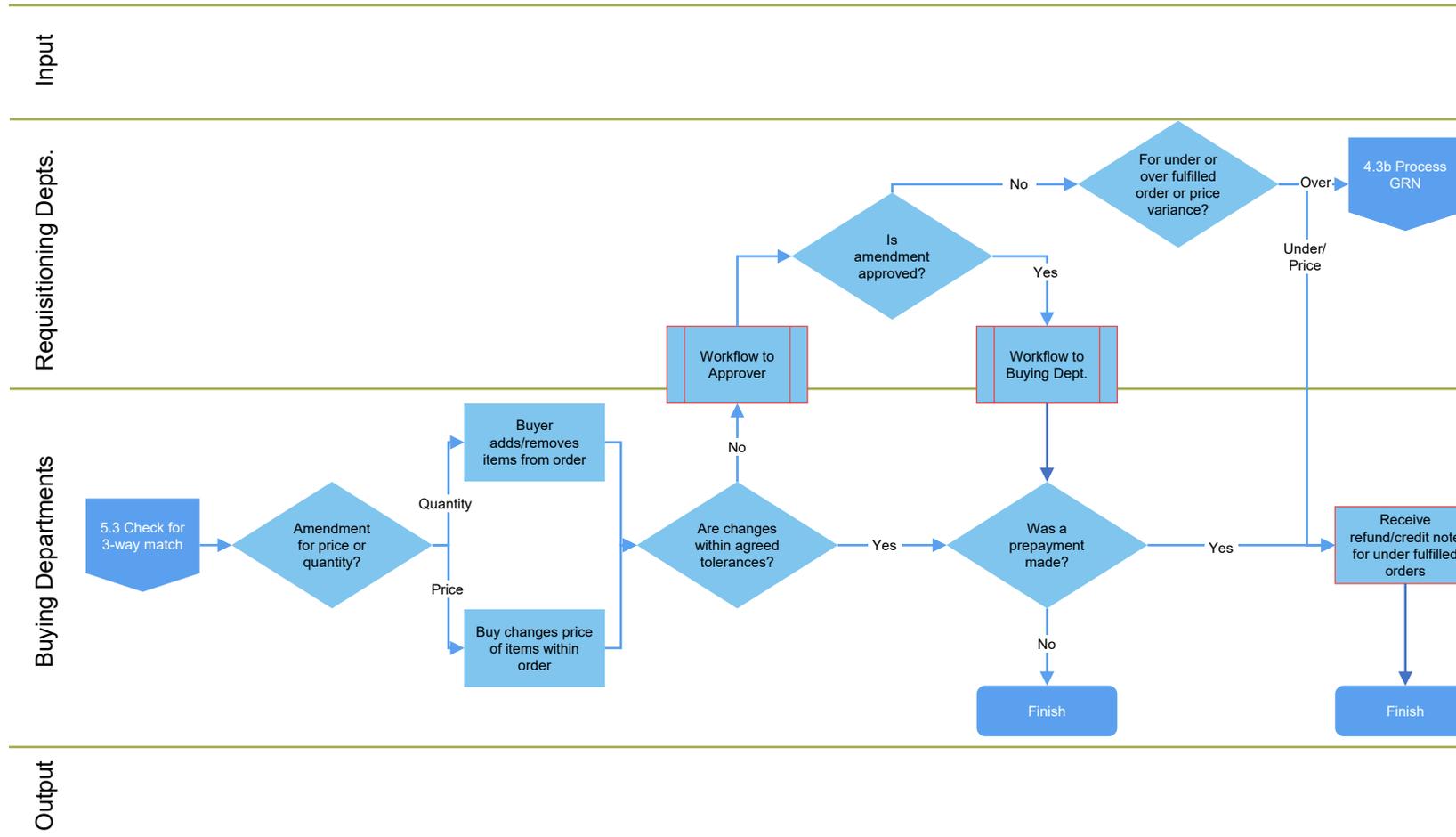
5.4a Confirm Price variance

- Risk & control
- Policy/template
- KPI



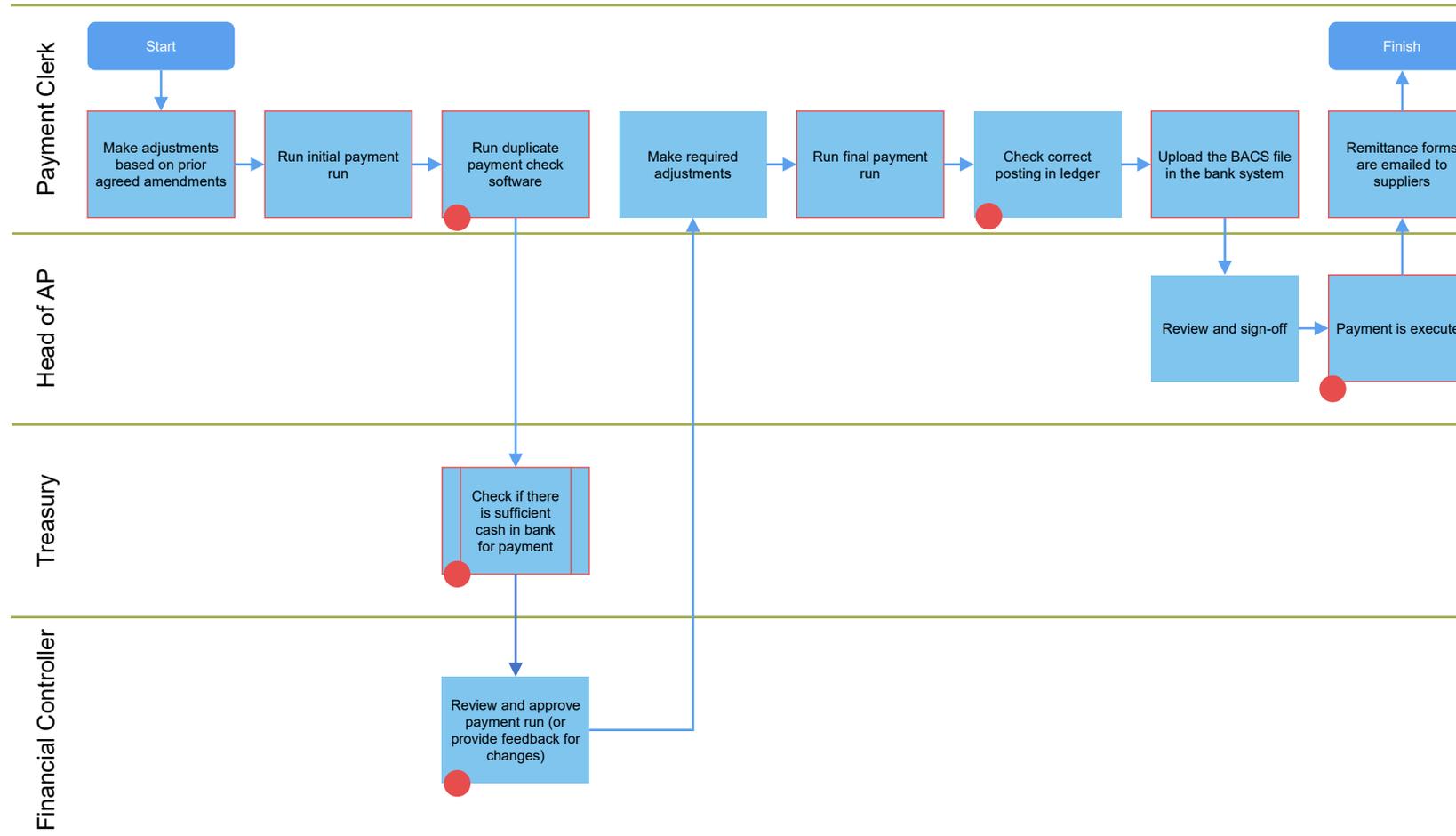
5.3a Amend PO

- Risk & control
- Policy/template
- KPI



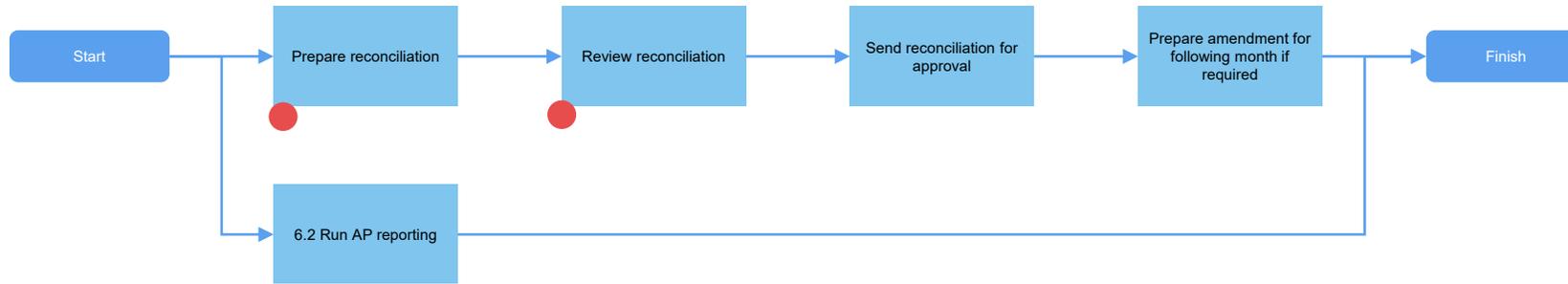
5.7 Execute Payment Run

- Risk & control
- Policy/template
- KPI



6.0 AP Reconciliation & Reporting (L3 map)

- Risk & control
- Policy/template
- KPI



6.2 Run AP reporting

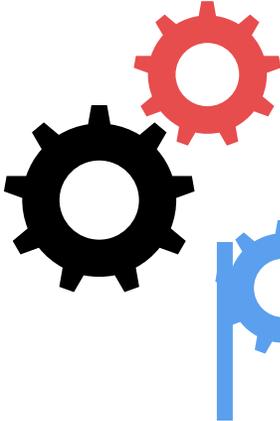
- Risk & control
- Policy/template
- KPI

Input

Requisitioning Departments

Output





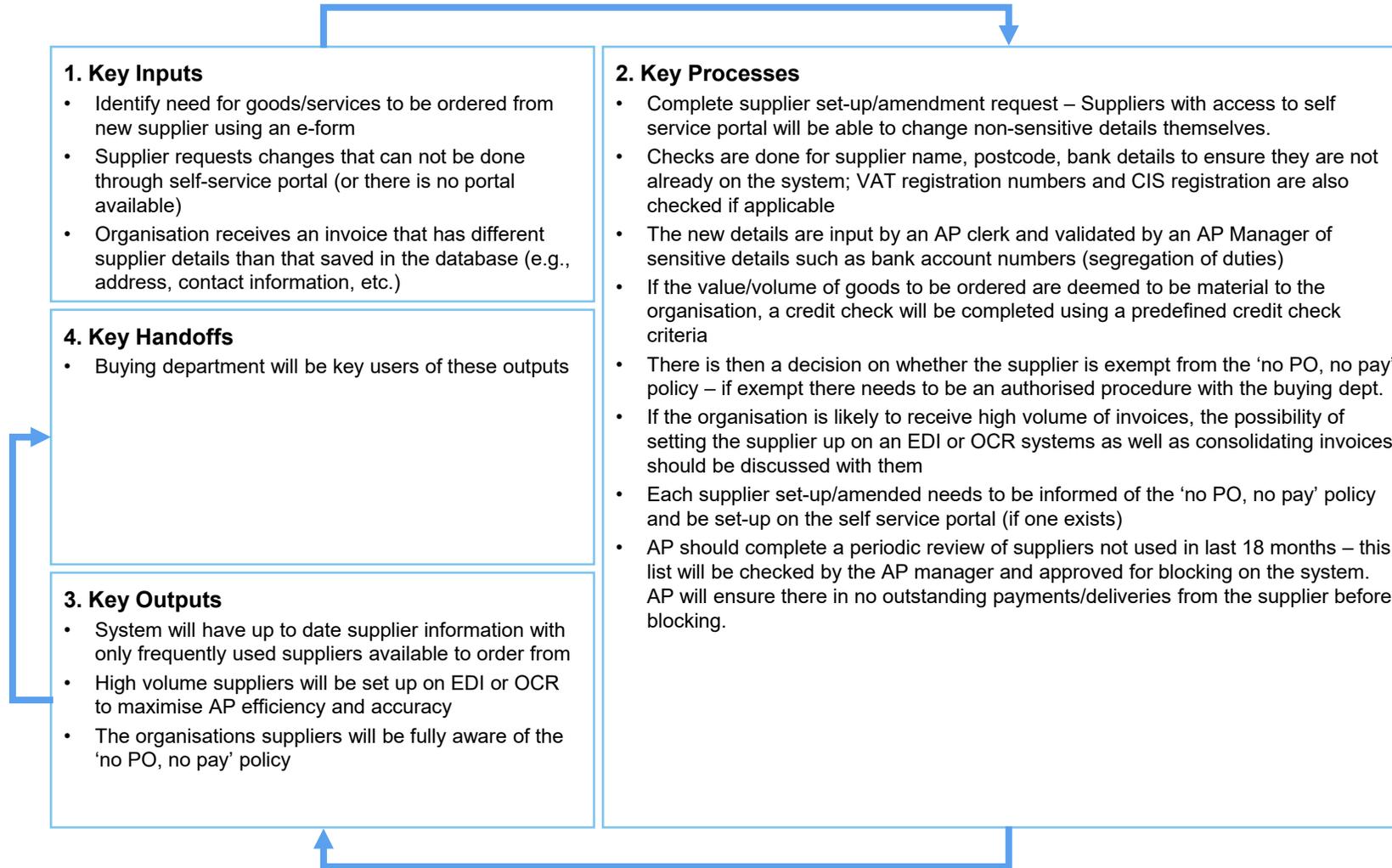
Systems & processes

Section 2

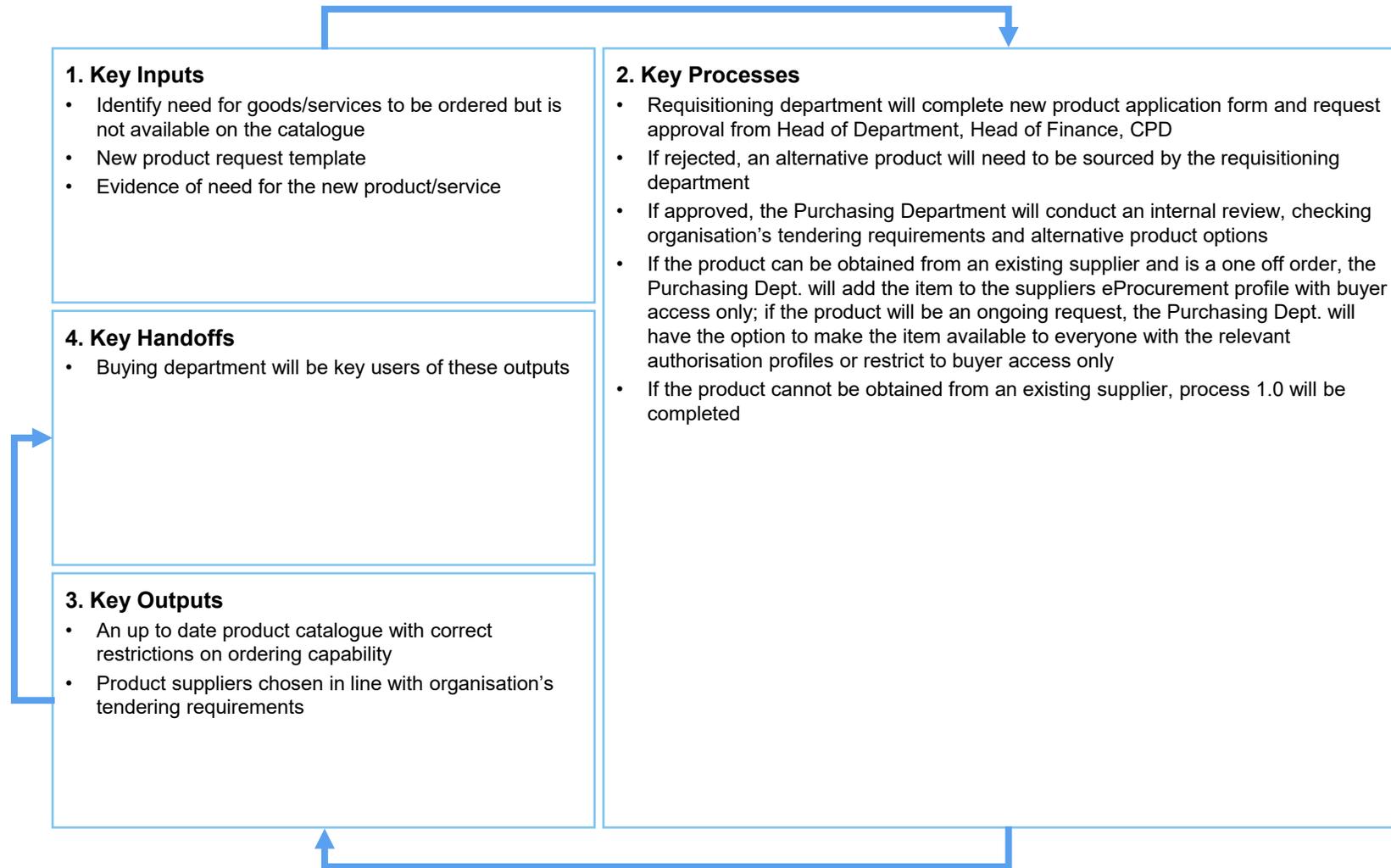
Key Attributes

Procure-to-Pay

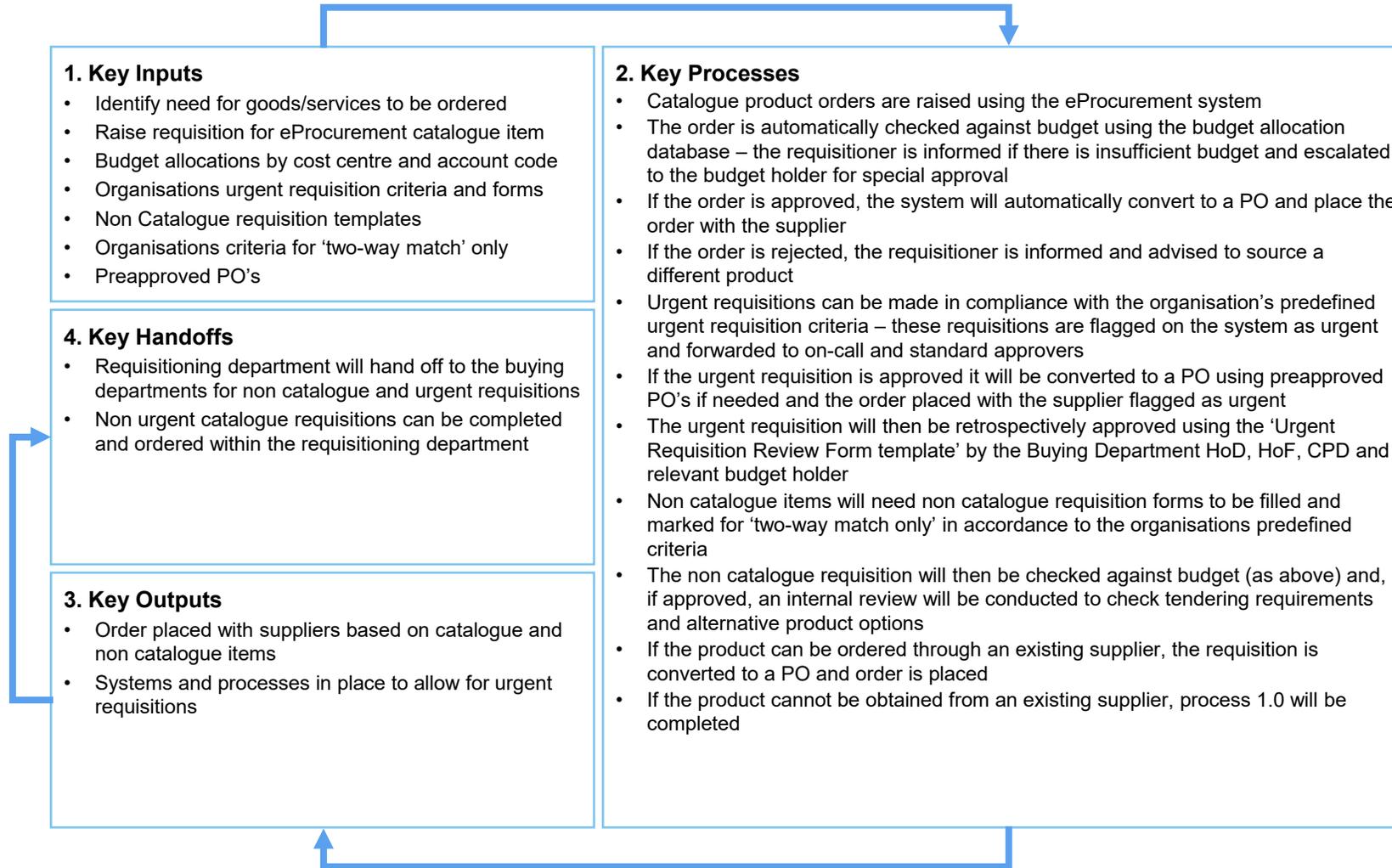
1.0 Master data management – key attributes



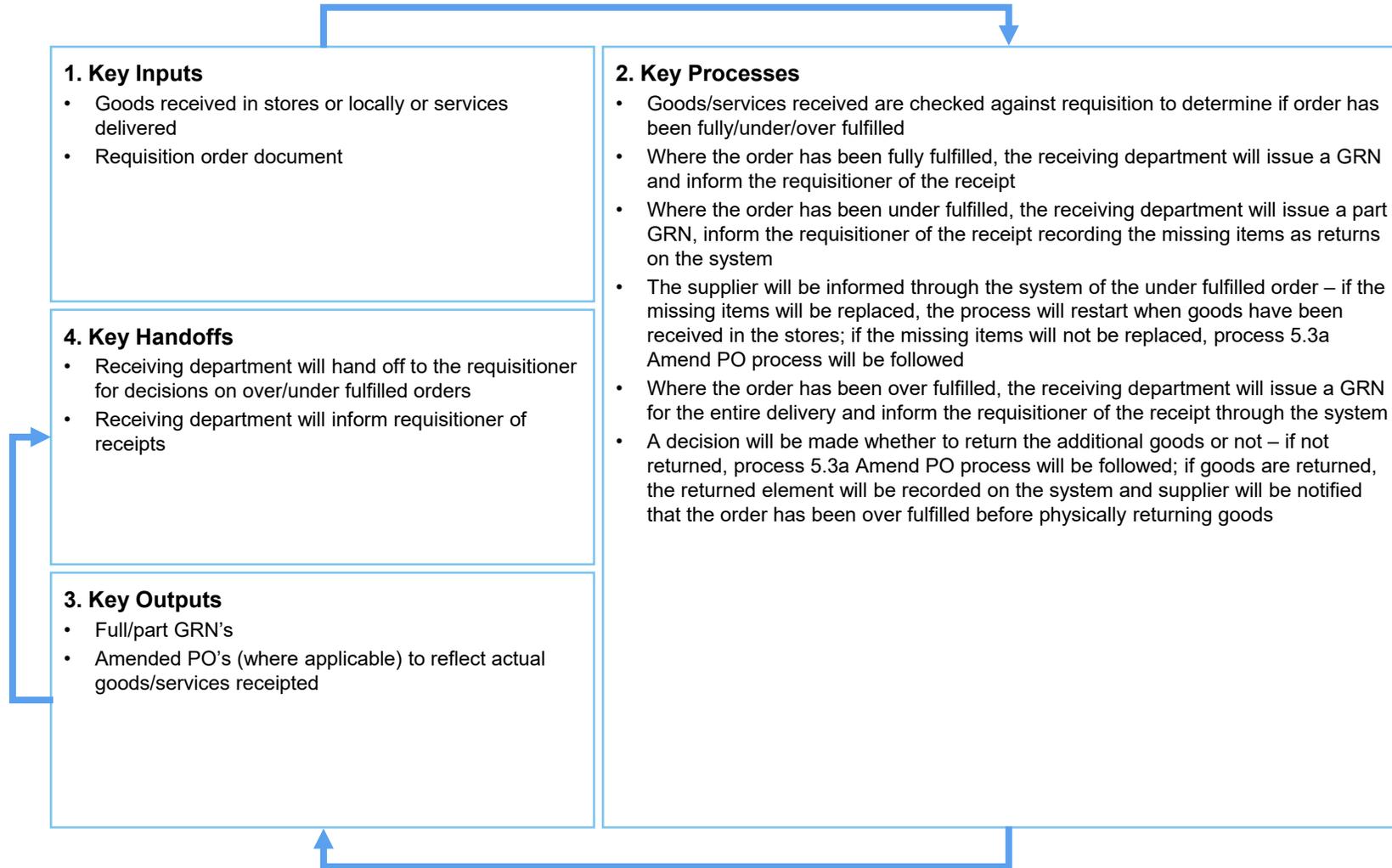
2.0 Maintain goods & services master data – key attributes



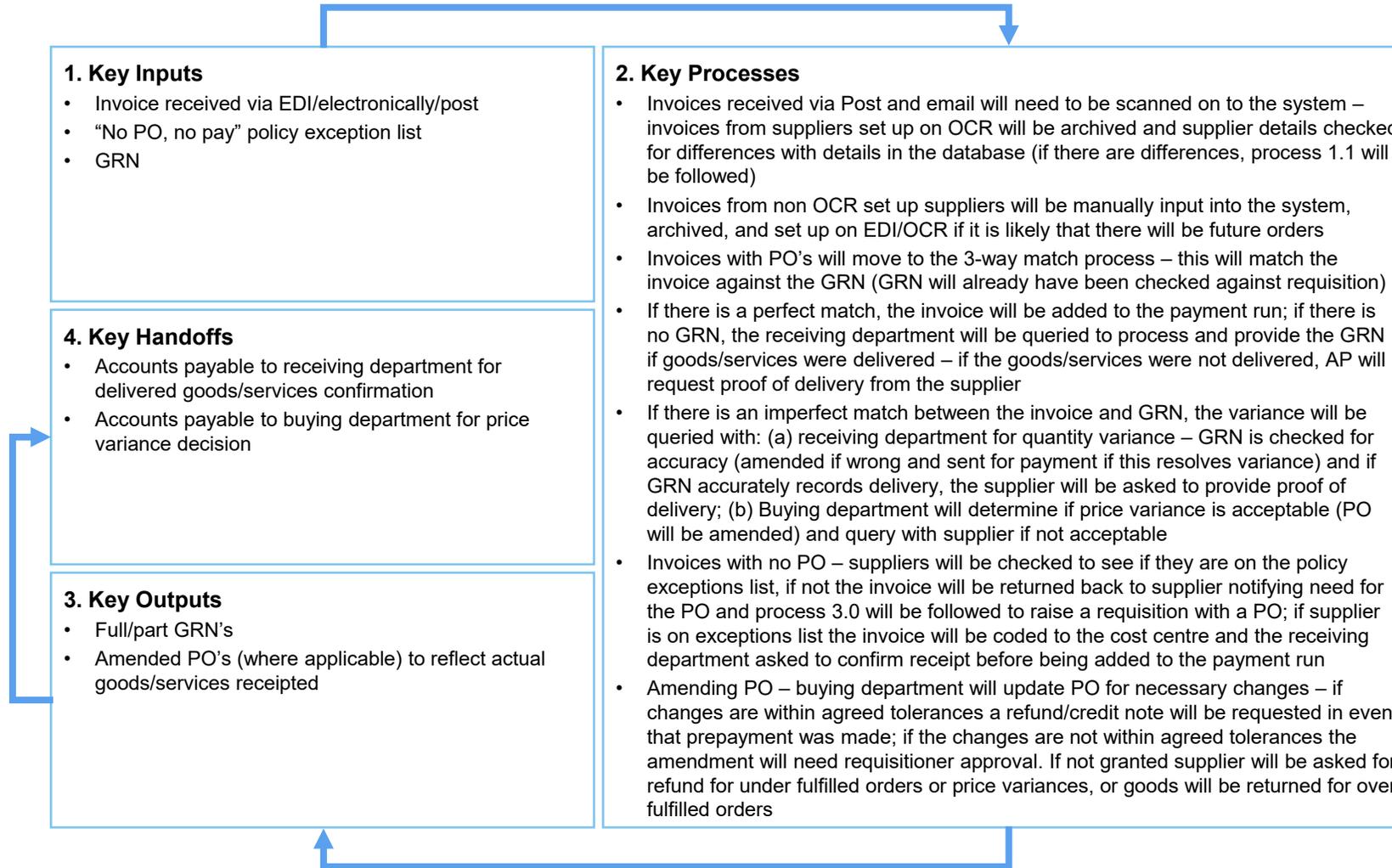
3.0 Order Goods and Services – key attributes



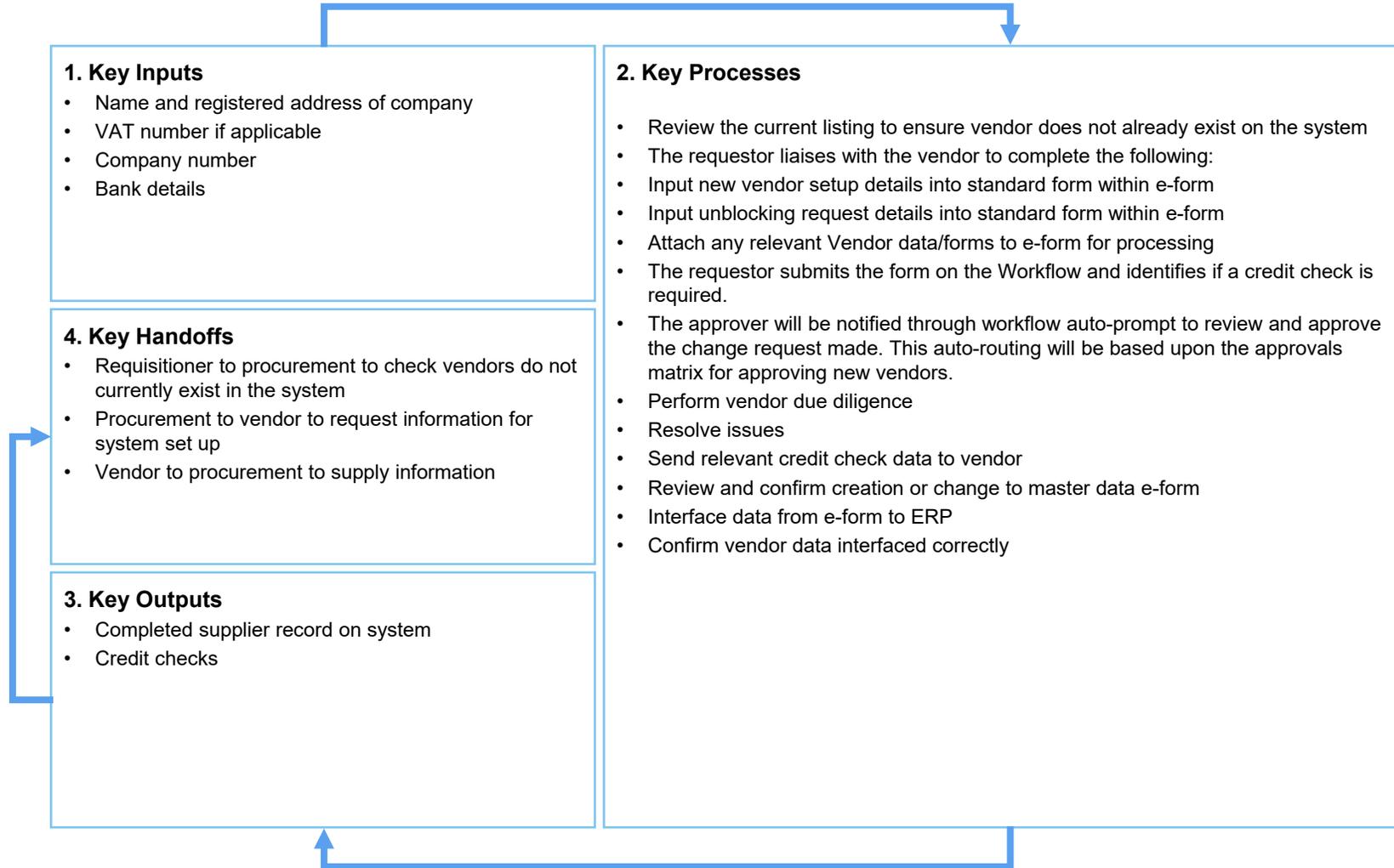
4.0 Record receipt of goods and services – key attributes



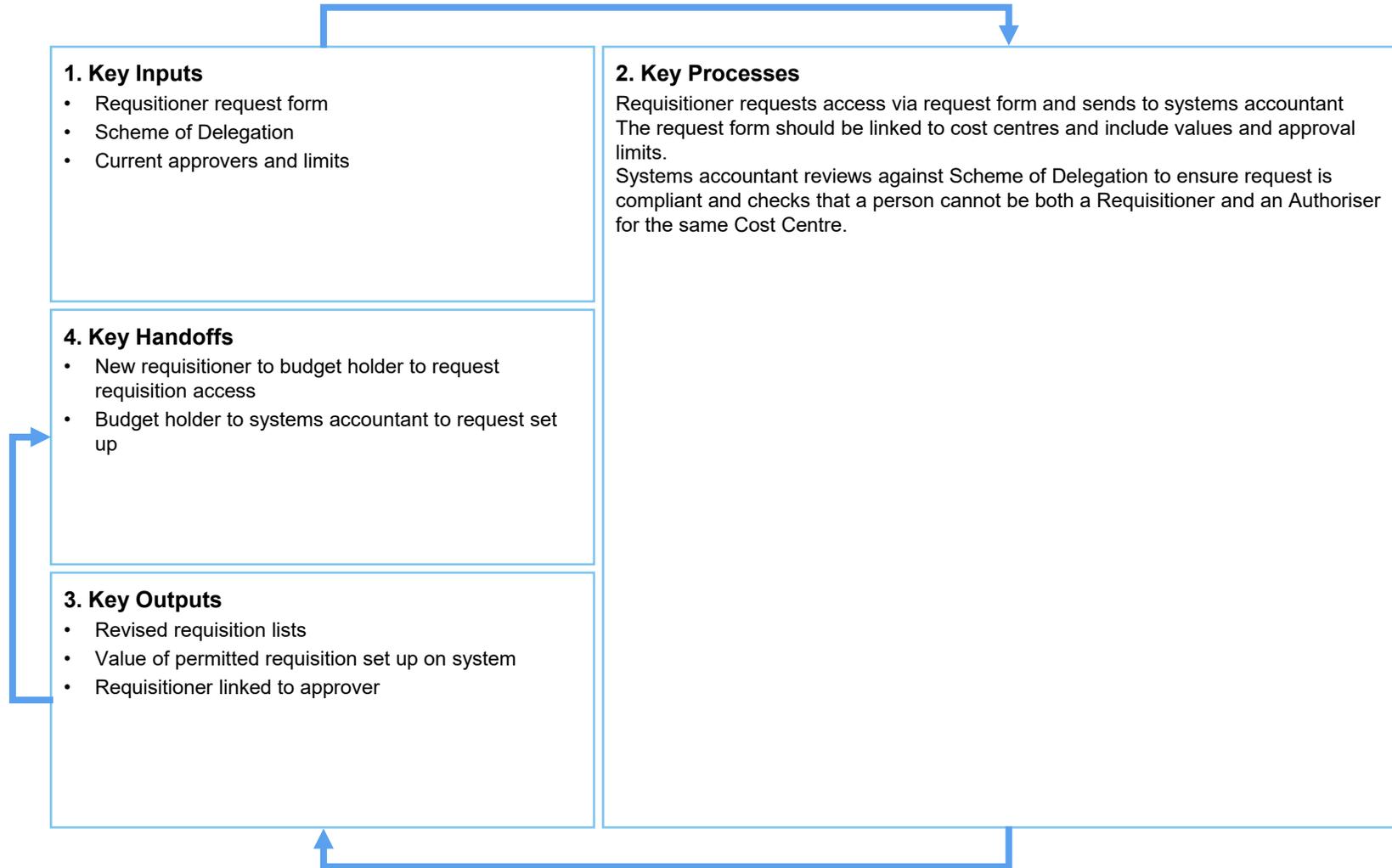
5.0 Process Invoice – key attributes

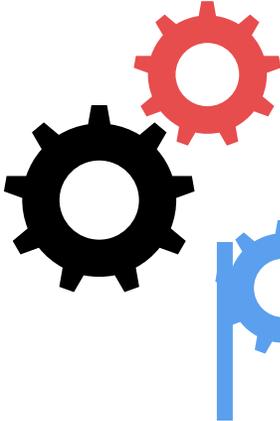


6.0 Supplier set up – key attributes



7.0 Requisitioner set up – key attributes





Systems & Processes

Section 3

Risk and Controls

Procure-to-Pay

Master data management – risks and controls

- Risk & control
- Policy/template
- KPI

Risk	Control
● False details (e.g., bank account) is provided by the suppliers	Verification checks are completed by AP
● Users may have unauthorised access to update vendor master files	<ul style="list-style-type: none">• A search for duplicate vendors is performed prior to new vendor set up on the system• Restricted access profiles for different teams and grade of employee
Inaccurate or incomplete vendor data may be entered	The Payments Manager and the Assistant Payments Manager check each other's inputting when setting up/amending supplier details
● Unauthorised changes to vendor master data may go undetected	<ul style="list-style-type: none">• All changes to vendor master file data are monitored and reported• Access to execute vendor master changes within the system are restricted and role based – access is reviewed on quarterly basis
● A proliferation of unused suppliers occurs in the master data	Periodic (typically annual) cleansing exercise to remove unused suppliers

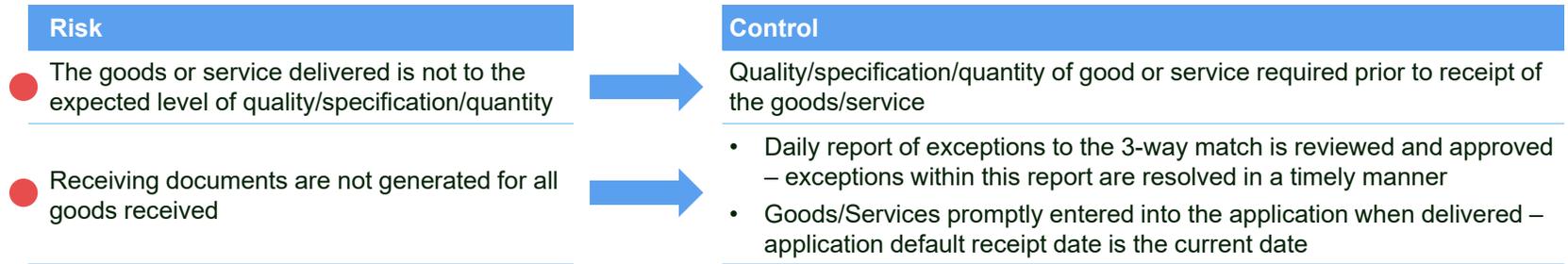
Order goods and services – risk & controls

- Risk & control
- Policy/template
- KPI

Risk	→	Control
● Requisitions may not be appropriately authorised	→	Do not process requisitions that have not been approved by the delegated authoriser
● Unauthorised purchases may be made	→	An organisational hierarchy defining authorised signatories with pre-approved spending limits exists
● Orders may be duplicated	→	Automatically generate a unique purchase order number which is then recorded against that requisition number
● A proliferation of products occurs in the masterdata	→	Procurement have ability to “hide” goods in the system so that no else can see them after requisition
● Purchases are not recorded, or recognized completely and accurately in the correct period	→	<ul style="list-style-type: none">• A daily system-generated report of exceptions to the 3-way match is reviewed and approved. Exceptions contained within the report are resolved in a timely manner• Aged report of open orders is reviewed and old/unusual items are investigated• At month-end, a system-generated report of unmatched purchases orders and invoices is reviewed. Action is taken as necessary

Record receipt of goods and services – risks & controls

- Risk & control
- Policy/template
- KPI



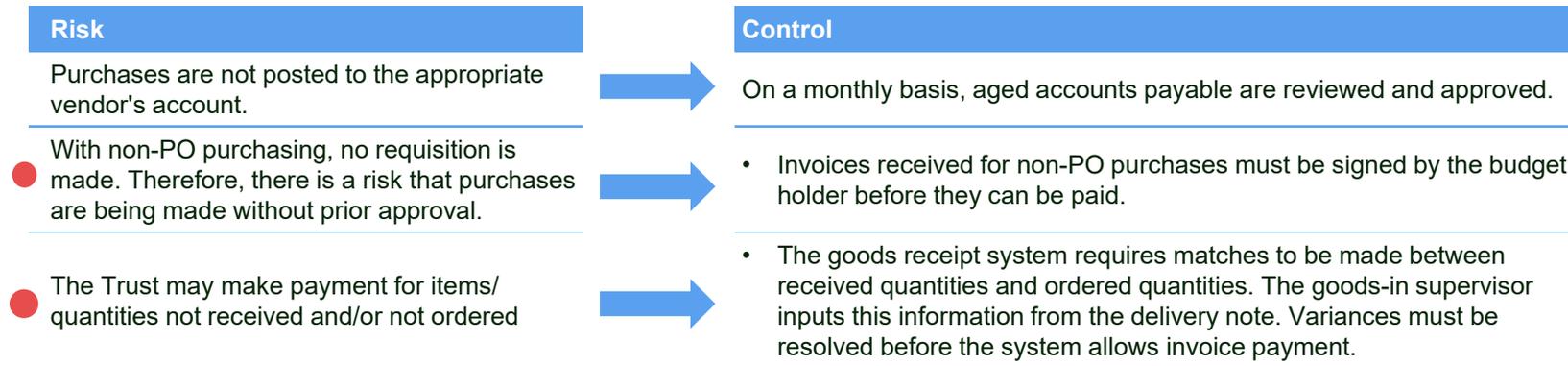
Process Invoice – risks & controls

- Risk & control
- Policy/template
- KPI

Risk	Control
● An invoice is paid for a good or service that has not been ordered or delivered	Invoices without a PO (and not on the exceptions list) are returned to the supplier
● Fictitious purchases are recorded	<ul style="list-style-type: none">• The system is configured to restrict purchases, receipts and invoices to defined suppliers in the vendor master and defined goods and services in the item master file.• Purchase orders are approved within the system according to the delegation of authority.• The system automatically generates PO's sequentially and does not allow duplicate PO's.• On a daily basis, a system-generated report of exceptions to the 3-way match (purchase order, invoice, and shipping documentation within the system) is reviewed and approved. Exceptions contained within the report are resolved in a timely manner.• On a monthly basis, aged accounts payable are reviewed and approved.
● Goods are billed at inaccurate or unauthorized prices	<ul style="list-style-type: none">• The system automatically prevents duplicate invoices from being entered.• On a quarterly basis, a system-generated report of all price changes is reviewed and approved.• All special pricing arrangements are documented and approved within system by an appropriate person. Upon approval, system is automatically updated with the new pricing arrangement.• Liaison with purchasing teams to ensure update to price files as appropriate, or awareness of deals done post PO
● Adjustments are to vendor orders are unauthorized or inaccurate.	Adjustments are reviewed and approved within the system prior to processing.

Process Invoice – risk & controls (cont'd)

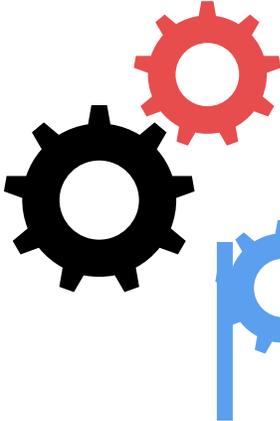
- Risk & control
- Policy/template
- KPI



Make payment – risks & controls

- Risk & control
- Policy/template
- KPI

Risk	Control
● Not enough cash available for suppliers to be paid	Treasury to approve the value paid out to supplier on each payment run
● Duplicate invoices are paid	Automated or manual review of the payment run file before processing
● Fraudulent payments could be made to suppliers/fictitious suppliers	A segregation of duties exist – the same person cannot register invoices, batch and post invoices, pay invoices, and set up new suppliers on the system. This segregation of duties is reinforced through access rights to specific screens.
● Invoices may not be input in a timely manner.	The Finance Manager and the Payment Manager monitor payment due dates throughout the month to ensure compliance with credit terms.
● Cash paid to vendors is not completely and accurately posted to the GL.	The system automatically calculates and records accruals for outstanding payments.



Systems & processes

Section 4

Technology Options

Procure-to-Pay

Procure-to-Pay Key Technology Options – ERP & Integrated reporting systems

ORACLE

- Oracle E-Business Suite Financials covers all the core financial applications and includes I-Procurement, self invoicing, Accounts Payable inventory management, fixed assets, banking and cash management modules
- Oracle enables integrated reporting through a number of reporting and analysis platforms amongst which OBI is currently the most powerful. This allows any drill down and analysis as required of the databases
- Other core financial applications include project accounting and billing, inventory management, sales order management and treasury and risk management – enabling customer data management, credit decision making, standard invoicing/billing and electronic bill presentment, cash receipt, cash application, audit and financials compliance.

SAP

- SAP SIM (SAP Invoice Management) support the entire procure-to-pay process in the SAP suite. The tooling is fully integrated and has industry standard process documentation
- SAP industry focus allows for standard industry specific process solutions
- SAP ERP Order-to-Cash support a wide range of customer-focused processes – from selling products and delivering services to aftermarket warranty claims, service orders, and returns.
- SAP ERP Order-to-Cash includes an accounts receivable module that is central to managing all billing-related interactions throughout the Procure-to-Pay process

ESKER

- ESKER is specialised in document processing and the automation of incoming and outgoing business documents
- Esker DeliveryWare integrates the automated processing of incoming orders in ERP-systems (e.g., SAP)
- Automated distribution of invoices from the ERP system to customers in required formats (email, paper ...)
- Cloud based technology platform

basware

- As the global leader in providing purchase-to-pay and e-invoicing solutions in the world of commerce, Basware empowers companies to unlock value across their financial operations
- Accounts Payable Automation, E-Invoicing, E-Procurement, Analytics, E-payments

UNIT4

- Unit4 Financials Business World Edition (formerly Agresso Financials) is a top-tier, global accounting system.
- As a core solution in the Unit4 Business World ERP suite, it places effective financial management at the heart of business systems and processes, delivering a fully integrated range of functions.
- General Ledger, Accounts Payable, Accounts Receivable, Fixed Assets, Cash Management, Budgeting, Planning and Forecasting

Procure-to-Pay Key Technology Options – Invoice Management



- Invapay is an innovative Procure to Pay provider based on a settlement engine allowing the platform to settle any payment on behalf of any buyer to any supplying organisation.
- Software focuses on the following areas: online ordering, Purchase order flip to invoice, invoice settlement and integrated Supply Chain finance



- Ariba is a SAP company originating from a procurement platform extending services across the P2P space
- Software focuses on the following areas: Mailroom Automation, Accounts Payable Automation, Business Process Management, E-auctioning of Procurement and E-invoicing



- ReadSoft simplifies business for organisations of all sizes with applications for automating business processes. Its specialties include accounts payable automation and multichannel mailroom automation
- Software focuses on the following areas: Document Processing, E-Invoicing, Automation for SAP, Large Scale Automation SSC



- Tungsten is mostly known in the market as OB10
- Main functionality is Supply chain finance/dynamic discounting specialists
- Connects buyers to their suppliers Enabling tax-compliant invoicing
- Through Tungsten Bank, Tungsten Network Finance offers suppliers access to early payment on approved invoices

Procure-to-Pay Key Technology Options – Workflow automation



- SunGard's AvantGard GETPAID offers credit risk analysis, credit scoring, collections management, dispute resolution and cash application processing. daily credit processes, and monitor fluctuations in risk
- A rules-based engine automates processes and drives workflow enabling credit professionals to react quicker to fluctuations in paying habits
- A full workflow system automatically assigns, notifies, tracks and escalates disputes for timely resolution



- CFORIA offers a complete receivable automation system and a variety of solutions to better manage credit, collections and deductions.
- Cloud and insourced application delivery formats
- Targets organisations with revenues of at least \$50mn, or that manage large accounts receivable balances, complex receivables, or a large number of invoices
- Typical clients are organisations in the manufacturing and construction industries.



- Kofax® is a leading provider of smart process applications that simplify the business critical First Mile™ of information intensive
- Software focuses on the following areas: Mailroom Automation, Accounts Payable Automation, Business Process Management, Dynamic Case Management, Customer interactions



Systems & processes

Section 5

Key Performance Indicators (KPIs)

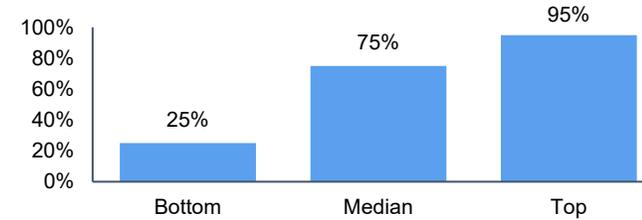
Procure-to-Pay

Order goods and services – KPIs

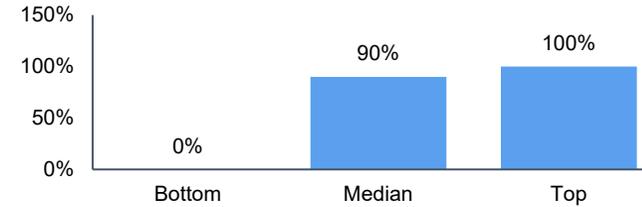
Benchmark source: <https://www.apqc.org/>

- Risk & control
- Policy/template
- KPI

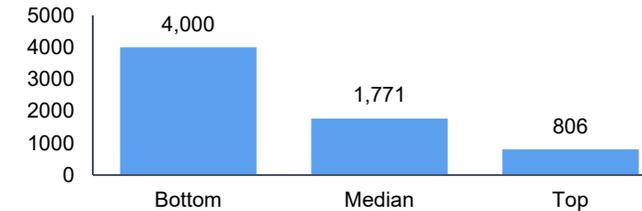
Metric Name: Percentage of annual purchases value from certified vendors
Metric measurement: %



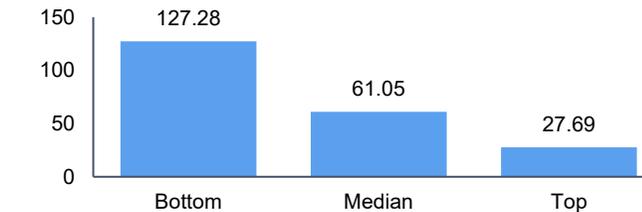
Metric Name: Percentage of purchase orders approved electronically
Metric measurement: %



Metric Name: Number of purchase orders processed per "order materials and services" FTE
Metric measurement: Purchase Orders (POs)



Metric Name: Number of FTEs that perform the process "order materials and services" per £1bn purchases
Metric measurement: Full Time Equivalent



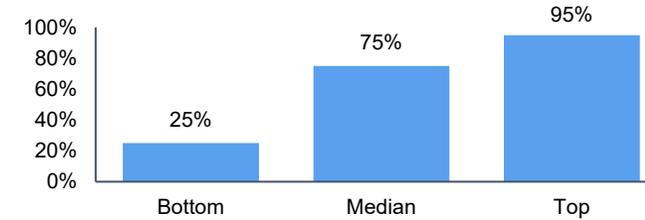
Order goods and services – KPIs (cont'd)

Benchmark source: "Operational productivity and performance in English NHS acute hospitals: Unwarranted variations"

- Risk & control
- Policy/template
- KPI

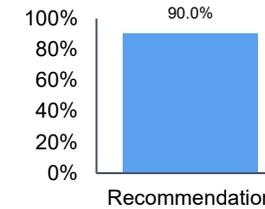
Metric Name: Percentage of purchases made using electronic catalogue – recommendation based on "**Operational productivity and performance in English NHS acute hospitals: Unwarranted variations**" – Lord Carter of Coles February 2016

Metric measurement: %



Metric Name: Percentage of orders made using POs – recommendation based on "**Operational productivity and performance in English NHS acute hospitals: Unwarranted variations**" – Lord Carter of Coles February 2016

Metric measurement: %

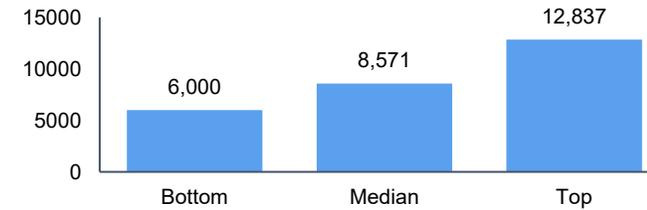


Process Invoice – KPIs

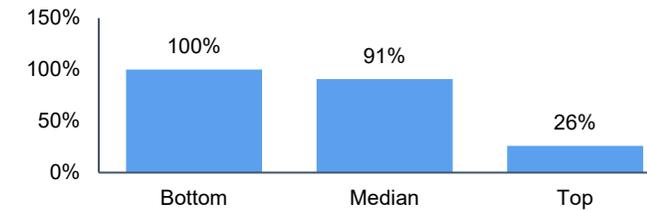
Benchmark source: <https://www.apqc.org/>

- Risk & control
- Policy/template
- KPI

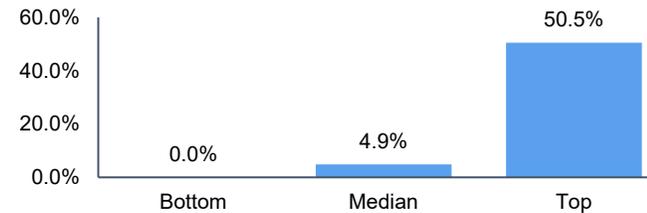
Metric Name: Number of invoices processed per "process accounts payable" FTE
Metric measurement: Invoices



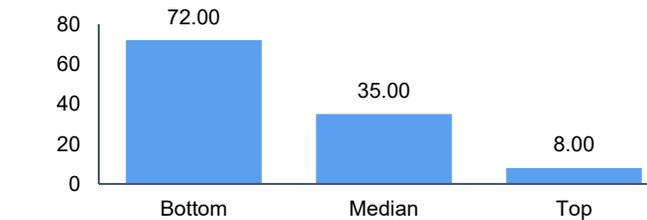
Metric Name: Percentage of invoices which are manually keyed into the financial system
Metric measurement: %



Metric Name: Percentage of invoice line items received electronically
Metric measurement: %



Metric Name: Cycle time in hours to enter invoice data onto the system
Metric measurement: Hours

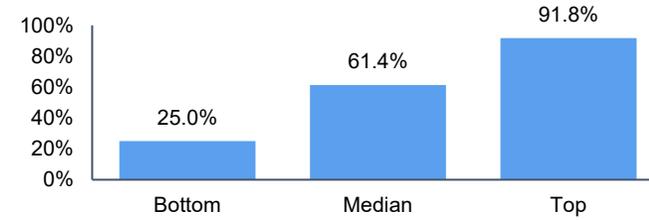


Process Invoice – KPIs (cont'd)

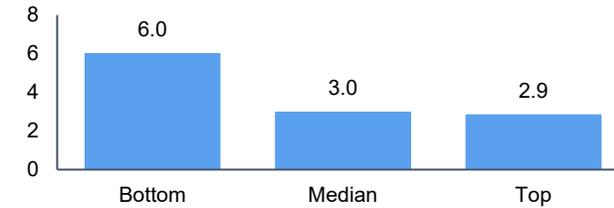
Benchmark source: <https://www.apqc.org/>

- Risk & control
- Policy/template
- KPI

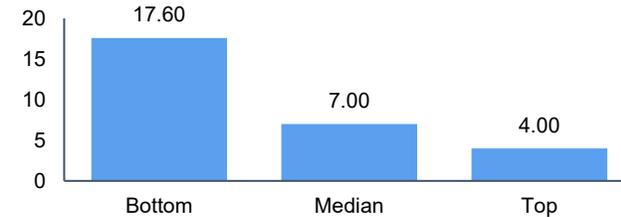
Metric Name: Percentage of invoice line items that are matched the first time
Metric measurement: %



Metric Name: Cycle time in days to resolve an invoice error
Metric measurement: %



Metric Name: Cycle time in days from receipt of invoice until approved and scheduled for payment
Metric measurement: Days

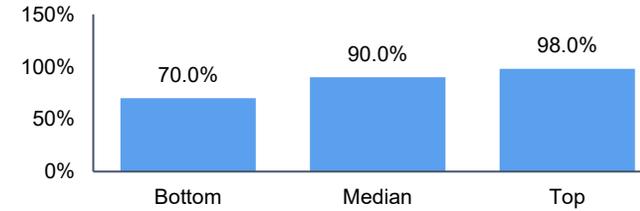


Make Payment – KPIs

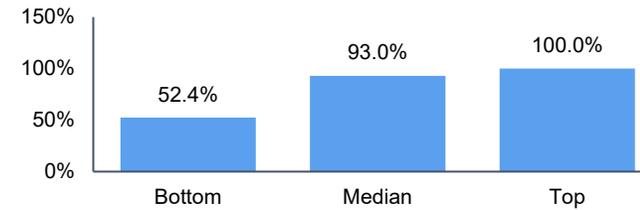
Benchmark source: <https://www.apqc.org/>

- Risk & control
- Policy/template
- KPI

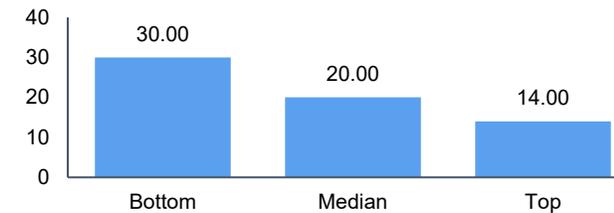
Metric Name: Percentage of invoice line items paid on time
Metric measurement: %



Metric Name: Percentage of discounts available that are taken
Metric measurement: %



Metric Name: Cycle time in days from receipt of invoice until payment is transmitted
Metric measurement: Days



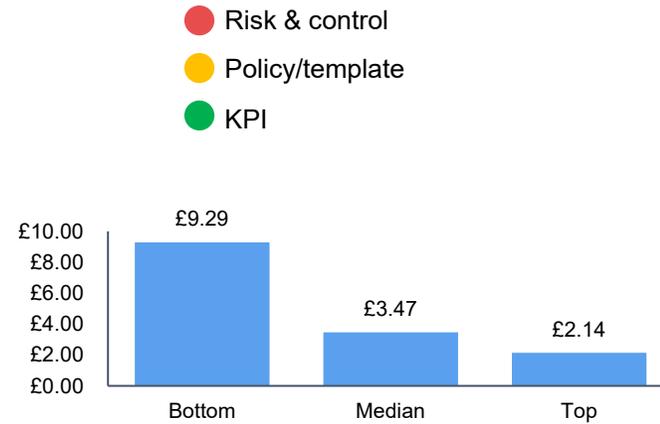
Other Accounts Payable KPIs

Benchmark source: <https://www.apqc.org/>

Cost Effectiveness Metrics

Metric: Personnel cost to perform the process "order materials and services" per £1000 purchases

Metric measurement: £ GBP



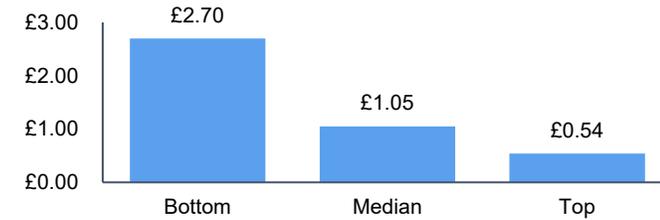
Metric: Total cost to perform the process "process accounts payable" per invoice processed

Metric measurement: £ GBP



Metric: Total cost to perform the process "appraise and develop suppliers" per £691 purchases

Metric measurement: £ GBP



Metric Name: Total cost to perform the process "order materials and services" per £1000 purchases

Metric measurement: £ GBP



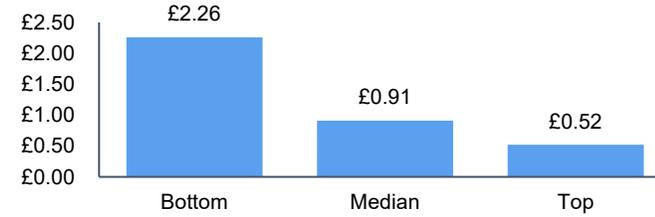
Other Accounts Payable KPIs (cont'd)

Benchmark source: <https://www.apqc.org/>

- Risk & control
- Policy/template
- KPI

Cost Effectiveness Metrics (cont'd)

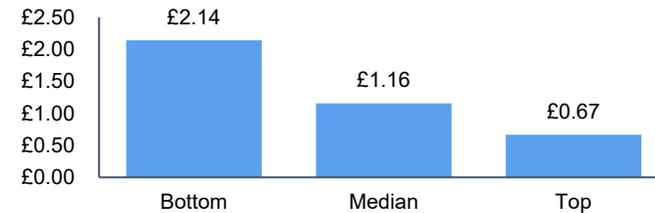
Metric Name: Personnel cost to perform the process "appraise and develop suppliers" per £1000 purchases
Metric measurement: £ GBP



Metric Name: Personnel cost to perform the process "process accounts payable" per £1000 revenue
Metric measurement: £ GBP



Metric Name: Total cost to perform the process "order materials and services" per £1000 purchases
Metric measurement: £ GBP



Other Accounts Payable KPIs (cont'd)

Benchmark source: <https://www.apqc.org/> &
"Operational productivity and performance in English NHS acute hospitals: Unwarranted variations"

- Risk & control
- Policy/template
- KPI

Process Efficiency Metrics

Metric Name: Order materials/services FTEs as a percentage of procurement FTEs

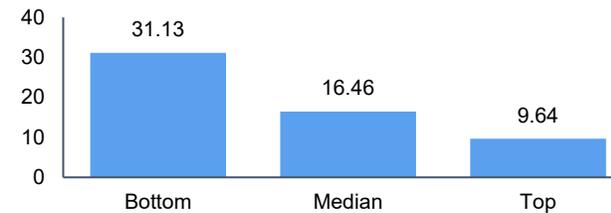
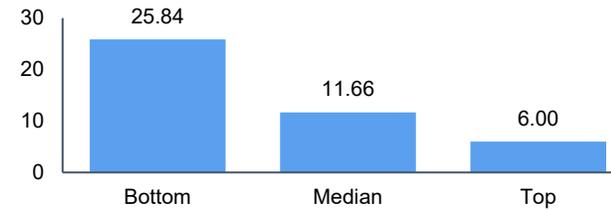
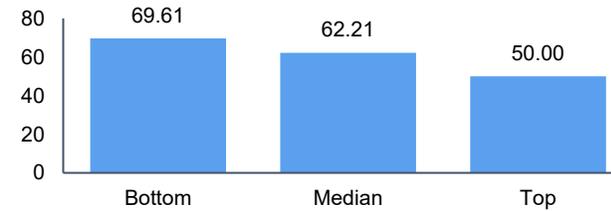
Metric measurement: Full Time Equivalent

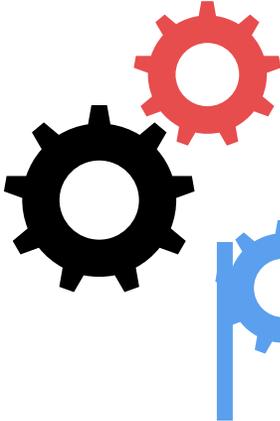
Metric Name: Number of FTEs that perform the process "appraise and develop suppliers" per £1bn purchases

Metric measurement: Full Time Equivalent

Metric Name: Number of FTEs for the process "process accounts payable" per £1bn revenue

Metric measurement: Full Time Equivalent





Systems & processes

Section 6

Team Structures – Outline Role Profiles

Procure-to-Pay

Team Structures – AP Manager Role Profiles

- Risk & control
- Policy/template
- KPI

Overall Purpose of the Role

The Accounts Payable Manager in the SSC is responsible for ensuring timely and accurate processing of all Accounts Payable transactions for the assigned teams in accordance with performance and quality standards set out for the Accounts Payable team.

Report to SSC Director and has management responsibility for day to day management of the Accounts Payable function, ensuring the integrity of the general ledger is maintained and all internal and external deadlines are met.

Deliver work within framework of company policy and annual budgets agreed with SSC Director.

To undertake line management responsibilities including monitoring activities, performance review and appraisal.

Key Responsibilities

Functional responsibilities:

- Directly responsible for managing the supply of Accounts Payable services to meet daily, weekly monthly and annual demand
- Review, challenge and approve aging payables reports
- Work with the business to optimise working capital and capital expenditure spending and phasing
- Support and review period end activities including month end journal entries, period end adjustments
- Understand Service Level Agreements and Key Performance Indicators for Accounts Payable processes and constantly monitor process performance against relevant service level agreements & defined KPIs
- Contribute to the development, maintenance and updating of Accounts Payable processes and procedures in accordance with the service level agreements
- Resolve queries and complaints relating to Accounts Payable processes as specified by relevant service level agreements and escalating queries and complaints
- Overall management of Accounts Payable team ensuring Accounts Payable clerks and team leads are deployed in accordance with operational requirements
- Work with the SSC operations and performance teams to identify and implement initiatives and opportunities
- Provide assistance to the SSC Director in the preparation and timely delivery of the business strategy and operational plans for own area within Accounts Payable function of the SSC
- Set clearly defined performance objectives for the assigned Accounts Payable team ensuring appropriate alignment with performance and quality standards defined in relevant service level agreements
- Ensure in-time, in-quality and in-cost service delivery of Accounts Payable Unit
- Manage relationship with customer and outside service provider

Leadership responsibilities:

- Effectively lead a large Accounts Payable team in an operational, high volume environment
- Monitor the performance of the team against agreed objectives of assigned staff
- Participate in recruiting staff for the Accounts Payable team
- Select candidates for team lead positions and approve clerk positions
- Lead and develop employees of Accounts Payable unit
- Main point of contact with other unit heads and customers to adapt to new requirements

Team Structures – AP Manager Job Description

- Risk & control
- Policy/template
- KPI

Person Specification

- 5 years' experience in Accounts Payable processes (ideally in a SSC) and 5 years proven experience in supervising within Accounts Payable processes or other core financial processes in a complex business environment
- Possess a detailed and in-depth understanding of Accounts Payable processes
- Knowledge of principles, practices, regulations and procedures as they relate to purchasing and accounts payable
- Knowledge of accounting principles, practices and methods as they apply to financial statements
- Able to develop, motivate and lead a large team.
- Strong relationship skills, able to build influential relationships with a range of stakeholders
- Good commercial understanding
- Strong analytical skills and good judgement
- Strong verbal and oral communication skills
- Delivery focused and pragmatic, able to flex solutions and approach to diverse audiences and business needs
- Collaborative, able to work with and through others as part of a team and to coach and mentor colleagues
- Resilient, comfortable with ambiguity and able to prioritise conflicting demands
- Proficient in MS Office applications (particularly Excel)
- Degree-level education or equivalent is desirable
- Knowledge of **[insert organisations system]**, processes and workflow technology desirable

Team Structures – Invoice Process Team Leader Job Description

- Risk & control
- Policy/template
- KPI

Overall Purpose of the Role

The role of the Invoice Process Team Leader is to ensure that supplier's invoices are processed promptly and accurately in accordance with performance and quality standards set out for the Accounts Payable function.

The role includes managing a sub team of Invoicing Clerks comprising of [x] FTE. Report to Accounts Payable Manager and support with the preparation and timely delivery of operational plans for invoice processing within the Accounts Payable function, including identifying and implementing initiatives for continuous improvement.

Key Responsibilities

Functional responsibilities:

- Lead team of approximately [x] Invoicing Clerks in an operational, high volume environment
- Co-ordinate staff and work-related issues, particularly with regard to planning and organising work schedules (including load balancing across sub teams and capacity adjustments)
- Ensure all suppliers are set up correctly
- Ensure all invoices received are scanned into *[insert organisations system]*
- Responsible for maintaining learn set settings in *[insert organisations system]*
- Investigate invoices on hold and liaise with business to agree resolution
- Prepare documentation and information necessary for payment runs
- Deal with challenges and issues promptly
- Ensure all invoices are processed promptly and accurately
- Provide Management information regarding the sub team's performance and targets

Leadership responsibilities:

- Directly responsible for supervising the invoice processing/scanning function, offering support to other invoicing sub teams when required
- Assist Accounts Payable Manager with line management responsibilities including performance review and appraisal
- Provide support and guidance to staff as needed in order to facilitate the performance of their duties. As required provide training, on the job and formal, for these staff to ensure any changes in procedures are conformed to or advances in technology are utilised
- Assist in recruitment process for Invoicing Clerk positions

Person Specification

- AAT qualified or relevant similar qualifications
- 3-5 years' experience in Accounts Payable processes
- Experience supervising large teams, ideally within Accounts Payable functions or other core financial processes in a complex business environment
- Excellent organisation and time management skills
- Strong verbal and oral communication skills
- Collaborative, able to work with and through others as part of a team and to mentor colleagues

Team Structures – Invoicing Clerk Job Description

- Risk & control
- Policy/template
- KPI

Overall Purpose of the Role

Ensure the timely and accurate processing of supplier invoices (sorting, scanning and auditing) in accordance with performance and quality standards set out for the Accounts Payable team.

Key Responsibilities

- Process supplier invoices in line with the supplier payment cycle, company policies and procedures with minimal supervision
- Ensure all invoices are scanned onto **[insert organisations system]**
- Resolve issues relating to invoices within **[insert organisations system]** (placing on hold/releasing from hold), escalating internally when required
- Audit invoices inputted into **[insert organisations system]**
- Ensure that all documents and sundry paperwork are provided with invoice requests before processing and are promptly and accurately filed

Person Specification:

- A committed team player
- Trustworthy and self-motivated
- Strong organisation and time management
- Knowledge of **[insert organisations system]**, processes and workflow technology desirable
- Experience working within an Accounts Payable function, within a complex and large volume environment would be an advantage

Team Structures – Expense Team Leader Job Description

- Risk & control
- Policy/template
- KPI

Overall Purpose of the Role

Manage sub-team of Expenses Clerks comprising of **[x]** FTE, to ensure that reimbursements and advances are reviewed and processed promptly and accurately in accordance with performance and quality standards set out for the Accounts Payable function.

Report to Accounts Payable Manager and support with the preparation and timely delivery of operational plans for expenses within the Accounts Payable function, including identifying and implementing initiatives for continuous improvement.

Key Responsibilities

Functional responsibilities:

- Lead a team of **[x]** Expenses Clerks in operational, high volume environment
- Responsible for payment of expenses in line with **[insert organisation name]** policy in a timely manner
- Co-ordinate staff and work-related issues, particularly with regard to planning and organising work schedules
- Provide necessary files and documentation to enable payment run of expenses
- Conduct batch reviews to ensure that proper documentation and approvals are available, resolving discrepancies in a timely manner
- Ensure that queries and escalations are dealt with promptly and in accordance with performance and quality standards
- Provide Management information regarding the sub-team's performance and targets

Leadership responsibilities:

- Directly responsible for supervising the expenses function
- Assist Accounts Payable Manager with line management responsibilities including performance review and appraisal
- Provide support and guidance to staff as needed in order to facilitate the performance of their duties. As required provide training, on the job and formal, for these staff to ensure any changes in procedures are conformed to or advances in technology are utilised
- Assist in recruitment process for Expenses Clerk positions

Person Specification

- AAT qualified or relevant similar qualifications
- 4+ years' experience in Accounts Payable processes
- Experience supervising large teams, ideally within Accounts Payable functions or other core financial processes in a complex business environment
- Excellent organisation and time management skills
- Strong verbal and oral communication skills
- Collaborative, able to work with and through others as part of a team and to mentor colleagues
- Knowledge of **[insert organisations system]**, processes and workflow technology desirable

Team Structures – Expense Clerk Job Description

- Risk & control
- Policy/template
- KPI

Overall Purpose of the Role

To ensure that reimbursements and advances are reviewed and processed promptly and accurately in accordance with performance and quality standards set out for the Accounts Payable function.

Key Responsibilities

- Process and check expense claims, including checking calculations and ensuring proper documentation and approvals are available, escalating internally to team leader if required
- Ensure that all documents and paperwork are provided and accurately filed
- Liaise with claimant to provide details of amendments, rejected claims and general queries
- Capture and report relevant tax data
- Manage and update personal accounts
- Perform the final finance approval for all expenses (system generated)
- Undertake any necessary training associated with the duties of the post and participate in training and development procedures

Person Specification:

- GCSE (or equivalent) in Mathematics and English Language
- Proficient in MS Office applications (particularly Excel)
- Basic knowledge of principles, practices, regulations and procedures relating to Accounts Payable function
- Good communication and presentation skills
- A committed team player
- Trustworthy and self-motivated
- Strong organisation and time management skills
- Knowledge of *[insert organisations system]*, processes and workflow technology desirable

Team Structures – Payments Team Leader Job Description

- Risk & control
- Policy/template
- KPI

Overall Purpose of the Role

The role of the Payments Team Leader is to ensure that suppliers' invoices and credit notes are processed promptly and accurately in accordance with performance and quality standards set out for the Accounts Payable function.

The role includes managing a sub team of Payment Clerks comprising of **[x]** FTE to apply 3-way match procedures using the vendor master file, assist in the payments run process and maintain list of accruals

Report to Accounts Payable Manager and support with the preparation and timely delivery of operational plans for payments within the Accounts Payable function, including identifying and implementing initiatives for continuous improvement.

Key Responsibilities

Functional responsibilities:

- Lead a team of **[x]** Payments Clerks in an operational, high volume environment
- Responsible for ensuring payments are processed in a timely manner and that payments are made in line with the business working capital policy and requirements
- Co-ordinate staff and work-related issues, particularly with regard to planning and organising work schedules
- To execute payment runs and manual payments
- Ensure all documentation and information required to process taxes and payments are accurately filed in the system
- Ensure central journal for accruals is maintained to process financial accruals and reversals
- Deal with challenges and issues promptly
- Provide Management information regarding the sub-team's performance and targets

Leadership responsibilities:

- Directly responsible for supervising the payments function
- Assist Accounts Payable Manager with line management responsibilities including performance review and appraisal
- Provide support and guidance to staff as needed in order to facilitate the performance of their duties. As required provide training, on the job and formal, for these staff to ensure any changes in procedures are conformed to or advances in technology are utilised
- Assist in recruitment process for Payments Clerk positions

Person Specification

- AAT qualified or relevant similar qualifications
- 3-5 years' experience in Accounts Payable processes
- Experience supervising large teams, ideally within Accounts Payable functions or other core financial processes in a complex business environment
- Excellent organisation and time management skills
- Strong verbal and oral communication skills
- Collaborative, able to work with and through others as part of a team and to mentor colleagues
- Knowledge of **[insert organisations system]**, processes and workflow technology desirable

Team Structures – Payments Clerk Job Description

- Risk & control
- Policy/template
- KPI

Overall Purpose of the Role

To ensure that suppliers' invoices and credit notes are processed promptly and accurately in accordance with performance and quality standards set out for the Accounts Payable function.

To undertake 3-way match procedures using the vendor master file.

Report to Payments Team Leader.

Key Responsibilities

- Responsible for undertaking 3-way match procedures using the vendor master file
- Ensure that all documentation and information required to process taxes are provided and accurately filed
- Ensure that all documentation and information required to process payments are provided and accurately filed, in accordance with payment cycle and procedures
- Process financial accruals and reversals – maintain and update central journal for accruals
- Undertake any necessary training associated with the duties of the post and participate in training and development procedures

Person Specification:

- GCSE (or equivalent) in Mathematics and English Language
- Proficient in MS Office applications (particularly Excel)
- Basic knowledge of principles, practices, regulations and procedures relating to Accounts Payable function
- Good communication and presentation skills
- A committed team player
- Trustworthy and self-motivated
- Strong organisation and time management skills
- Knowledge of *[insert organisations system]*, processes and workflow technology desirable

Team Structures – Query Management Team Leader Job Description

● Risk & control

● Policy/template

● KPI

Overall Purpose of the Role

Manage sub team of Query Management Clerks comprising of approximately [x] FTE, to ensure that the suppliers' invoices and credit notes are processed promptly and accurately in accordance with performance and quality standards set out for the Accounts Payable function.

Report to Accounts Payable Manager and support with the preparation and timely delivery of operational plans for queries management within the Accounts Payable function, including identifying and implementing initiatives for continuous improvement.

Key Responsibilities

Functional responsibilities:

- Lead a team of approximately [x] Query Management Clerks in operational, high volume environment
- Co-ordinate staff and work-related issues, particularly with regard to planning and organising work schedules (including load balancing across sub teams and capacity adjustments)
- Ensure all queries are responded to in a timely manner
- Ensure that all disputed invoices are investigated and discrepancies are resolved in a timely manner
- Monitor **AP email box/system (specify)** to ensure that all queries are dealt with promptly and in line with the performance and quality standards set out for the Accounts Payable function
- Provide Management information regarding the sub team's performance and targets

Leadership responsibilities:

- Directly responsible for supervising the queries management function
- Assist Accounts Payable Manager with line management responsibilities including performance review and appraisal
- Provide support and guidance to staff as needed in order to facilitate the performance of their duties. As required provide training, on the job and formal, for these staff to ensure any changes in procedures are conformed to or advances in technology are utilised
- Assist in recruitment process for Query Management Clerk positions

Person Specification

- AAT qualified or relevant similar qualifications
- 3+ years' experience in Accounts Payable processes,
- Experience supervising large teams, ideally within Accounts Payable functions or other core financial processes in a complex business environment
- Excellent organisation and time management skills
- Strong verbal and oral communication skills
- Collaborative, able to work with and through others as part of a team and to mentor colleagues
- Knowledge of **[insert organisations system]**, processes and workflow technology desirable

Team Structures – Query Management Clerk Job Description

- Risk & control
- Policy/template
- KPI

Overall Purpose of the Role

To ensure that suppliers' invoices and credit notes are processed promptly and accurately in accordance with performance and quality standards set out for the Accounts Payable function.

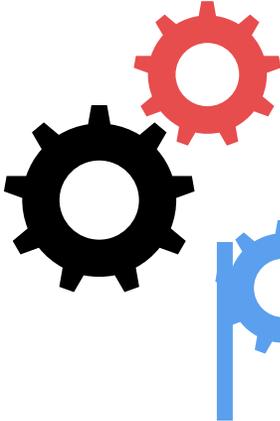
To research and resolve exceptions, resolve supplier queries in relation to payments and invoices, and escalate internally if required.

Key Responsibilities

- Ensure that all documents and paperwork are provided and accurately filed
- Deal with supplier issues relating to purchase orders
- Own the management of supplier queries between supplier, SSC and business units
- Ensure all supplier statements are recognised and any queries are dealt with promptly
- Ensure that all correspondence is dealt with promptly and escalation files are maintained
- Create, maintain, and update supplier accounts
- Monitor and clear invoice register
- Undertake any necessary training associated with the duties of the post and participates in training and development procedures

Person Specification:

- GCSE (or equivalent) in Mathematics and English Language
- Proficient in MS Office applications (particularly Excel)
- Basic knowledge of principles, practices, regulations and procedures relating to Accounts Payable function
- Good communication and presentation skills
- A committed team player
- Trustworthy and self-motivated
- Strong organisation and time management skills
- Knowledge of *[insert organisations system]*, processes and workflow technology desirable



Systems & processes

Section 7

Example Documents

Procure-to-Pay

Example – purchase order exceptions list

- Risk & control
- Policy/template
- KPI

Exception Ref	Exception Description
1.4 5.1a	1 Outsourced Soft Facilities Contract
	2 Medical Imaging
	3 Local Authority Rates/Council Tax/Planning Applications
	4 Study & Exam Expenses
	5 Utilities
	6 Occupational Health Services
	7 NHS Supply Chain
	8 Prospect Healthcare Ltd (PFI Build)
	9 Maternity Pathway Charges from NHS Providers
	10 NHS Property Service re Leases & Licenses
	11 Other Property Lease & Licenses
	12 TV Licenses
	13 Fuel
	14 Agency invoices
	15 Credit Card Payments
	16 Hotel Bookings (Expotel Reservations)

Example – ‘No PO, no pay’ policy letter

- Risk & control
- Policy/template
- KPI

1.4 5.1a

Dear Supplier

Please see attached invoice which we have received for payment.

[Organisation Name] operates a strict policy of ‘no purchase order, no payment’, and unfortunately we cannot process this payment as the invoice does not quote an official purchase order number.

Please could you resubmit your invoice, ensuring that the purchase order number is clearly identifiable on the invoice. If you are not in receipt of an official purchase order, please call the requisitioning officer directly and request the order number.

Going forward, please ensure all invoicing correspondence clearly quotes the Trust’s official purchase order number. This will ensure compliance with [Organisation Name] financial instructions and required terms and will greatly accelerate the approval and payment of invoices.

We would be grateful for future compliance to this very necessary process.

Yours faithfully

Accounts Payable Team Activity Dashboard

- Risk & control
- Policy/template
- KPI

Operational performance – documents received within the month

KPI Ref	Performance Metric	Refreshed how often?	Owner of metric
AP01	Number of total invoices received +	Monthly	Accounts Payable
	Number of credit notes received	Monthly	Accounts Payable
	Number of invoices paid +	Monthly	Accounts Payable
	Statement reconciliations (Volume)	Quarterly	
	Total number of payment runs	Monthly	Accounts Payable
	Number of used suppliers in the month	Monthly	Buying departments
	Number of suppliers on self service suppliers	Quarterly	Accounts Payable
	Number of phone calls received	Monthly	

Accounts Payable Team Performance Dashboard

- Risk & control
- Policy/template
- KPI

Operational performance – documents received within the month

KPI Ref	Performance Metric	Refreshed how often?	Owner of metric
AP01	% of invoices as a paper invoice	Quarterly	Accounts Payable
	% of invoices as an e-invoice (via email)	Quarterly	Accounts Payable
	% of invoices through a feeder system	Quarterly	Accounts Payable
	% of invoices that are rejected before invoice processing	Quarterly	Accounts Payable
	% of invoices scanned within 1 working day	Quarterly	Accounts Payable

Operational performance – invoices paid within the month

KPI Ref	Performance Metric	Refreshed how often?	Owner of metric
	% of invoices processed through a feeder system	Quarterly	
	PO compliance	Monthly	
	1st time Auto matching (% of PO invoices)	Quarterly	
	Average cycle time from invoice to completed status +	Monthly	
	Average cycle time from invoice to completed status (PO)	Monthly	
	Average cycle time from invoice to completed status (Non-PO)	Monthly	
	Average cycle time from invoice date to payment +	Quarterly	
	% of invoices paid within payment terms +	Quarterly	
	FPM (Non-PO invoice) approval time +	Quarterly	
	FPM rejected invoices (%)	Quarterly	

Accounts Payable Team Performance Dashboard (cont'd)

- Risk & control
- Policy/template
- KPI

Operational performance – documents received within the month

KPI Ref	Performance Metric	Refreshed how often?	Owner of metric
AP01	Statement Reconciliations Value/Opening AP balance	Quarterly	Accounts Payable
	Credit Notes Value/Total Paid Value	Quarterly	Accounts Payable

Operational performance – invoices paid within the month

KPI Ref	Performance Metric	Refreshed how often?	Owner of metric
	Number of invoices on-hold in DB capture (pre-input)	Monthly	
	Invoice Register Size (Value) +	Monthly	
	Invoice Register Size (Volume) +	Monthly	
	PO invoices with a Query +	Quarterly	
	PO invoices waiting on receipting +	Quarterly	
	Non-PO FPM rejected invoices with AP +	Quarterly	
	Non-PO invoices requiring action from AP +	Quarterly	
	No-PO invoices waiting on coding +	Monthly	
	Non-PO pharmacy invoices +	Monthly	
	Non-PO invoices in FPM +	Monthly	
	Average outstanding days in FPM +	Monthly	
	Days Payable Outstanding	Monthly	
	Gold supplier dynamic early payment discount as a % of paid	Quarterly	

Accounts Payable Team Performance Dashboard (cont'd)

- Risk & control
- Policy/template
- KPI

Operational performance – documents received within the month

KPI Ref	Performance Metric	Refreshed how often?	Owner of metric
AP01	% of active suppliers used within the month	Monthly	Accounts Payable
	Number of new suppliers created	Quarterly	
	Number of new supplier record amended	Quarterly	
	New db Capture invoice templates created	Biannually	
	Amended db Capture invoice templates	Biannually	
	% of phone calls abandoned	Quarterly	
	Average time to answer calls (seconds)	Quarterly	

Example – Accounts Structure

- Risk & control
- Policy/template
- KPI

Level	Description
Level 1	Organisation Name
Level 2	Site Name
Level 3	Area of spend/income (e.g. Pay/Non Pay/Depreciation etc.)
Level 4	
Level 5	Division (e.g. Radiology/Emergency Medicine etc.)
Level 6	Sub-Division (e.g. Ward A, Admin Block C etc.)
Level 7	Cost Centre (e.g. Admin & Clerical, Consultant, Drugs etc.)
Level 8	Sub-Cost Centre (e.g. Band 6 Nurse, Locum Consultant etc.)
Level 9	Account Code (e.g. Bedding & Linen)