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8.0 **PAYMENT OF INVOICES**

8.1 **Introduction**

8.1.1 This chapter describes the procedures necessary to ensure that invoices for goods and services are dealt with correctly in order that payments to suppliers may be made accurately and in a timely manner.

8.1.2 In order to reduce the risk of erroneous or fraudulent payments being made, a certain minimum separation of duties is required in the invoice payment process. The School’s Governing Body must formally approve the post holders who are permitted to place orders, authorise payment and sign cheques in its Budget Management Policy or Scheme of Delegation. It is recommended that allocating responsibilities as described in the following table would fulfil this overall requirement. Further details are provided under each of the stages leading up to payment.

Process	Member of Staff Responsible in:-	
	Larger School	Small School
Placing & Signing orders	Head of Dept / School Business Manager	Headteacher
Checking on satisfactory goods and services being received	Person receiving goods or services who should not be the person who signed the order	
Checking Invoice	Finance Asst / Bursar	School Administrator
Authorisation of Invoice	Headteacher/Deputy	Headteacher / Deputy
Cheque Signatories	Any two from:	Headteacher Deputy Headteacher School Administrator School Business Mngr Bursar

8.2 **Ordering of Goods and Services**

8.2.1 Ordering procedures are described in detail in chapter 7 of this manual. From the payment procedure viewpoint the fundamental ruling is that a properly authorised OFFICIAL ORDER must be fully completed for all goods and services with only limited specified exceptions.

8.3 **Receipt of Goods/Services**

8.3.1 Someone other than the person who signed the order should check deliveries of supplies, or services provided, to ensure that they completely accord with the specifications detailed in the order.

8.3.2 The checks required will vary according to the products/service received, but should be designed to ensure that the goods, or service provided, conforms, both in terms of **quantity** and **quality**, with the specification in the order.

8.3.3 Deliveries should be made during normal working hours so that someone is available to undertake the necessary checks; this can usually be arranged by stating the permitted delivery times clearly on the order. In every instance the delivery of goods will be accompanied by either a Delivery Note or Invoice. The actual goods delivered should be checked against the Delivery Note/Invoice for quantity, quality and description, wherever possible, before acceptance of the delivery. It is recognised that such a detailed check may

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not always be possible at the time of the delivery. In the latter case the delivery note should be signed to the effect that “contents unchecked”.

- 8.3.4 If goods or services received cannot be checked immediately, the necessary detailed checks should be carried out as quickly as possible. The Delivery Note should then be signed, dated and handed promptly to the school office. Any discrepancies should be clearly marked on the Delivery Note.
- 8.3.5 If discrepancies are found, such as shortages, or the goods are found to be unsatisfactory or later become faulty during the guarantee period, the supplier should be informed immediately, in writing, stating both the number of the Delivery Note (or Invoice) and the discrepancy found. Arrangements should be made with the supplier to return the goods detailing the reason for your dissatisfaction. You will, no doubt, where applicable, inform the supplier that payment will not be made until the matter has been resolved. If the incident in question is particularly serious, or is not an isolated case with the supplier involved, it is important, in order that a broader perspective can be obtained about the performance of this supplier, that the matter is referred to Children & Young People’s Finance. In matters of complaint and dispute it is essential that a careful and comprehensive note is made of all events in case the evidence is required if and when more drastic action becomes necessary.
- 8.3.6 The checking procedure will require a comparison to be made with the detail set out on the official order. In larger schools with 3-part orders, 1 copy of the order will be used by the Department concerned and will be readily available for checking purposes. If a 2-part order book is in use, it will be necessary to use the copy order retained on the Unpaid Orders File in the School Office for the purposes of comparison. In both cases, details of the date of the delivery should be entered on the copy order. If the delivery meets only part of the order, the items included in the delivery should be marked accordingly on the copy order.
- 8.3.7 After checking, the signed Delivery Note, or Invoice, should be passed to the school office, where it should be checked immediately to ensure that it has been correctly endorsed. The Delivery Note should then be filed with the copy order on the “Unpaid Orders File” until the invoice is received.

8.4 Receipt of Invoices

8.4.1 Schools should use their BAFS account to make payments by cheque or by BACS, using a system that has been approved by the Corporate Director – Strategic Resources, to suppliers. There are, however, a number of exceptions to this:

8.4.1.1 Certain Invoices are paid at County Hall and recharged to Schools as part of the BAFS monthly remittance system i.e.

- i. **Rate Demands** - any received should be forwarded to Central Finance.
- ii. **Schools ICT Service Invoices** - Copy invoices supplied to schools by the Unit’s Technicians at “point on sale” are for information purposes only and should be used to verify charges appearing on your monthly remittance.
- iii. **Certain Charges by North Yorkshire DSO and other Contractors.**
- iv. **All payments of Salaries and Wages**

8.4.1.2 Certain Invoices shall be paid at County Hall and Financed Centrally i.e.

- i. **Capital Expenditure - see Section 4.**
- ii. Certain Travelling and Subsistence claims where staff are attending meetings as regional or County Council representatives. The treatment of all travelling and subsistence claims is fully described under Section 8.4.2.

8.4.1.3 School Private Fund Payments - see Section 14.

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8.4.1.4 **Petty Cash Disbursements** - see Section 8.16.

8.4.1.5 **Standing Orders/Direct Debits**

Suppliers paid by Standing Order/Direct Debit may issue a statement, from time to time. These statements must not of course be paid, but can be filed on the Paid Accounts File marked to indicate that "£x paid (frequency) by Standing Order".

8.4.2 **Travelling and Subsistence Payments**

Please refer to Appendix A4 for details of procedures to be adopted in processing such payments.

8.4.3 Unless there are exceptional circumstances (e.g. loss of prompt payment discount) it is recommended that all invoices received from suppliers should be date stamped and placed in an INVOICES PENDING file. Payment processing should normally only be undertaken on a regular weekly basis. This will be advantageous on two counts.

- i. It is easier to schedule the work.
- ii. It should prove less time consuming than dealing with invoices on a piecemeal basis.

8.5 **Copy Invoices and Statements**

8.5.1 All invoices received should be scrutinised in order to be satisfied that they are originals and unless they have been specifically requested, or the supplier is persistent in his claims, any documents received purporting to be "Statements" or "Copy Invoices" should immediately be destroyed unless they show credit balances. In these circumstances you may have made an overpayment and this should be fully investigated in conjunction with the supplier.

8.5.2 If on the rare occasions that invoices have been lost or never received, payment procedures on a copy should only be made after applying the following checks:-

- i. Examine the OFFICIAL ORDER to ensure that it has not been endorsed with a previous payment as described under 8.9.8.
- ii. Examine all payments made to the supplier since the date of the order on the school's financial system.
- iii. Endorse the "Copy Invoice" to the effect that the above checks have been applied and payment cannot be traced.
- iv. Thereafter follow the normal payment processing routines as described in the ensuing paragraphs.

8.6 **Payments where Invoices not Received**

8.6.1 Although the majority of payments will be substantiated by a supplier invoice there are occasions where this will not apply, such as certain subscriptions or payments with order. In these cases a pro forma invoice should be completed (see Appendix 3) and this should be duly authorised as applicable to all other invoice payments which is described under 8.9. Unless there is no other alternative the policy of making payment with order should not be considered. Please note the possible adverse VAT implications as set out in paragraph 7.1.10.

8.7 **Credit Notes**

8.7.1 The necessity for credit notes can be minimised by ensuring that invoices are not paid until all deliveries have been fully checked. There will, however, inevitably be occasions where faults subsequently occur or errors in invoicing are corrected by the presentation of credit notes.

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8.7.2 Where these occur all credit notes should be fully verified in the same manner as INVOICES and coding slips should be completed in red and initialled by the appropriate members of staff. There are then three possible courses of action as to how they can be cleared.

8.7.3 If the Related Invoice for the same amount has not yet been paid:-

- i. Return both INVOICE and CREDIT NOTE to SUPPLIER without processing - remove any coding slips.
- ii. Cancel/endorse OFFICIAL ORDER and transfer to PAID ORDER FILE where this clears the transaction.
- iii. Cancel any INVENTORY RECORD if the goods have been returned.
- iv. Cancel the original commitment on the school's financial system.

8.7.4 If the Related Invoice has been paid and you have frequent dealings with the Supplier in question:-

- i. Hold the CREDIT NOTE until INVOICE(S) of greater value are cleared for payment - identify the CREDIT on the REMITTANCE ADVICE and only then pay over the net balance due.
- ii. ENDORSE the OFFICIAL ORDER with CREDIT NOTE NUMBER and date credit claimed.
- iii. Cancel any INVENTORY RECORD if the goods have been returned.
- iv. Enter both INVOICE and CREDIT NOTE onto the school's financial system.

8.7.5 If the Related Invoice has been paid and you rarely deal with the Supplier in question:-

- i. Immediately raise a PROFORMA INVOICE for the sum involved and submit this to the supplier together with the CREDIT NOTE.
- ii. Endorse the OFFICIAL ORDER with the PROFORMA INVOICE number, amount and date.
- iii. Cancel any INVENTORY RECORD if the goods have been returned.

8.8 Prioritising of Invoices for Payment

8.8.1 Most suppliers of goods and services will operate under 'normal terms of trade' in that payments should be made by the 30th of the month following the date of the invoice. Unless this is known not to apply (e.g. telephone and energy bills are often on a three week reminder cycle) then it is recommended that payments are geared to these terms, thereby gaining the benefits of accruing bank interest and also conversely maintaining good relationships with your suppliers by complying with the recognised settlement dates.

8.8.2 Schools should however also be aware of the implications of the **Late Payment of Debts (Interest) Act 1998** which enables suppliers to charge interest on accounts not paid within 30 days of the date of invoice. If claims for interest are received and queries arise, assistance can be obtained from Children & Young People's Finance.

8.8.3 Before making payments to suppliers it is essential to ensure that sufficient funds are available in your school's bank account in order to meet these liabilities. This may be ascertained by checking the balance in the school financial system's cash account. BAFS accounts are not allowed to overdraw and therefore if adequate safeguards do not exist cheques will not be honoured and will be returned to you by your bank.

This could have disastrous consequences in future dealings with your suppliers. If your school is experiencing serious cash flow difficulties then use of the optional cash flow facility should be considered - see Section 19.

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8.8.4 Should you not have sufficient funds available to pay all invoices then they should be prioritised as follows:-

- | | |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------|
| 1ST PRIORITY | Invoices offering prompt payment discounts for early settlements |
| 2ND PRIORITY | Invoices specifying settlement dates and it is known that failures to meet these dates could result in punitive actions being taken |
| 3RD PRIORITY | All other invoices should be prioritised in date order |

8.9 Invoice Checking Arrangements

8.9.1 The following is a list of checks that should be made:

- i. Ensure that the invoice is addressed to the school.
- ii. Check the arithmetic on the invoice if it is not computer produced - hand-written and typed invoices often contain errors.
- iii. Check that there is **no** balance brought forward included in the total due, i.e. that it is not a statement.
- iv. Attach a school's coding slip to the invoice.
- v. If a signed DELIVERY NOTE is present initial the goods received/work done block on the coding slip. If not ensure that checks on the satisfactory receipt of goods and services have been carried out and ask the person who carried out these checks to initial the coding slip block.
- vi. If the invoice is not the subject of an OFFICIAL ORDER (e.g. energy account, telephones, TV licence etc.) ensure that it has not previously been paid by reference to the school's financial system or cheque stubs if necessary.
- vii. Check that prices are in accordance with any contract, quotation or current market price and that any discounts have been deducted and the invoice and coding slip noted accordingly.
- viii. Check that the invoice conforms with the OFFICIAL ORDER and DELIVERY NOTE in respect of items, quantity and price and annotate on the copy those items now being paid for together with the INVOICE TOTAL and DATE PAID. If the OFFICIAL ORDER is complete transfer it to a PAID ORDERS FILE retaining these in order number sequence.
- ix. Transfer Delivery Note to a PAID DELIVERY NOTES file retaining them in date order, or attach them to the copy invoice.
- x. Ensure that the school's inventory has been updated where this is necessary - see Section 20.3.
- xi. Having completed all of the above checks initial the "Invoice Checked" box on the school coding slip and also complete the coding of the transaction ensuring that the total allocations agree with the invoice total. Pay particular attention to the coding of VAT - any alterations in the amount of VAT due must be made by the supplier. Refer to Section 16 for further details regarding all aspects of VAT.

8.9.2 Schools are also reminded to check VAT registration numbers on invoices. There have been instances where suppliers are claiming to be VAT registered when in fact they are not. The following link will take you to a European Commission site that records all VAT registration numbers across Europe. Select the country code from the drop down list and then type in the number on the invoice and enter to find out if a VAT registration number is valid.

http://ec.europa.eu/taxation_customs/vies/vieshome.do

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Date: April 2013**8.10 Authorisation and Cheque Production (Manual)**

- 8.10.1 When all stages of invoice checking have been completed, sort the invoices into supplier order (i.e. alphabetical) and list where appropriate to provide cheque totals where there are two or more invoices in respect of one supplier.
- 8.10.2 Prepare CHEQUES, CHEQUE STUBS (record brief description such as in order number etc. in order to assist should any queries arise; if there is no order then sufficient detail should be entered to deal with enquires, i.e. do not merely record telephone but 'Telephone – June') and REMITTANCE ADVICES - see Appendix 2).

Notes

- a small number of suppliers now request that payment should be made to a third party or FACTORING AGENCY - this will be stated on the invoice.
 - if a supplier has forwarded a company REMITTANCE ADVICE use it rather than making one out.
- 8.10.3 Write cheques carefully. To minimise the risk of fraud put a line through any spaces on the "pay" lines and leave no spaces in the amount "box".
- 8.10.4 Detach the CHEQUE from the STUB and paperclip it together with the remittance advice to the appropriate INVOICE(S).
- 8.10.5 Pass the completed batch to the first authorised signatory who will normally be the Headteacher or Deputy, who, if satisfied that payment be made should initial the authorisation block on the school's coding slip and sign the cheque (if also an authorised cheque signatory).
- All post holders permitted to authorise invoices or sign cheques must be approved by the school's governing body (see paragraph 8.3).
- 8.10.6 The completed batch should then be passed to the second cheque signatory who should countersign the cheques and initial the appropriate block on the SCHOOL'S CODING SLIP.
- 8.10.7 When all signatures have been obtained enter the cheque number in the appropriate box on the school's coding slips and update the school's financial system with all INVOICE and CHEQUE details.
- 8.10.8 The Finance Assistant or School Administrator may also, at this stage, wish to update the financial system for STANDING ORDERS which are known to be payable during the week. The transaction should be entered on the school's financial system to generate the corresponding banking entry. It is suggested that a diary record is maintained of the timing and amount of Standing Orders to assist in this exercise.
- 8.10.9 File the INVOICES in a PAID INVOICES FILE in cheque number order.
- 8.10.10 Despatch CHEQUES and REMITTANCE ADVICE NOTES to suppliers. It is recommended that second class post is used unless the payment is of an urgent nature.
- 8.10.11 All blank, partly completed and fully completed cheques should be kept in a secure location. It is suggested that security will be improved by a regular weekly timetable where the stages detailed above are carried out with no interruption. In any event, cheques must not be left in "in-trays".

8.11 Authorisation and Cheque Production (Automated)

- 8.11.1 As an alternative to handwriting cheques they may be printed from the school's financial software using specialist cheque stationery. The Finance Assistant or School Administrator should update the school's financial system with details of the invoices to be paid and follow the instructions issued by the FMS team relating to the printing of cheques.

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8.12 Spoiled/Cancelled Cheques

- 8.12.1 If errors occur at the cheque writing or printing stage and come to light prior to despatch. The cheque and its accompanying stub should be endorsed in block capitals as “CANCELLED” and stapled together within the cheque book having previously obliterated the cheque signatories.
- 8.12.2 Should the error become evident after the cheque has been despatched or there are other justifications for withholding payment then there are two obvious possible courses of action.
 - i. If the cheque has not yet been presented and the supplier is co-operative, request that it be returned. Cancellation should be then carried out as under 8.12.1 and this should also be recorded on the school’s financial system and filed invoices.
 - ii. Ask your bank to put a “STOP” on the cheque - this may be the subject to a special bank charge. The school’s financial system, filed invoices and cheque stubs should also be updated.

8.13 Paid Cheques

- 8.13.1 Unless specifically requested most banks do not return presented (i.e. paid) cheques to the drawers relying upon the information on bank statements to provide sufficient evidence as to cheque details and dates presented. In very rare circumstances it may prove necessary to request that particular paid cheques should be returned, e.g. where there is a dispute as to payment being received or, if required by the Internal Audit Service. This facility can be requested on an ad hoc basis and will usually be the subject to a special bank charge. It is recommended that any additional work or charges incurred should be passed on to the supplier if these have arisen through mistakes on the part of the supplier.

8.14 Retention of Documents

- 8.14.1 See the Schools record Retention and Disposal Schedule in the Schools Information Governance Manual for further details.

8.15 Enquiries Regarding Unpaid Invoices

- 8.15.1 If invoices are accurately and promptly paid the number of enquiries should be minimal but they will occur from time to time and it is therefore important to be able to deal with them expediently. Dependent upon the nature of the enquiry these may be dealt with by a number of means, assuming that the invoice is not of course held within the pending file.
 - i. **Invoices Subject to an Official Order**

These should be the majority and most can be dealt with by reference to the OFFICIAL ORDER FILES (PAID AND UNPAID). If payment has been made there should be a reference as to the amount and date of payment.
 - ii. **Invoices Not Subject to an Official Order**

Having ascertained the approximate date that the invoice was supposedly received, an examination of the cheque stubs and/or the cash book for the period in question should identify whether a cheque has been submitted.
 - iii. **Cheque Presentation**

If either of the above tests reveal that a cheque was prepared and despatched to the supplier who claims that this was never received, it will be necessary to examine the relevant bank statements to ensure that the cheque has not been encashed.

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If Encashed

If the cheque appears on a bank statement and the supplier remains adamant that his account has not been credited, it will be necessary to obtain the “paid” cheque from your bank which should reveal further details as to when and where it was paid in. Any evidence of fraudulent conversion by a third party should immediately be brought to the attention of the Internal Audit Service.

If Not Cashed

If the cheque has not been encashed within one month of the date it was despatched to the supplier, contact your bank and request that a “STOP” be placed on it. After the expiry of a further three working days, check with your bank before issuing a replacement cheque.

8.16 Petty Cash Accounts

8.16.1 Purpose of the Petty Cash Account

8.16.1.1 The use of petty cash accounts in schools should be restricted to pure “cash” transactions.

8.16.1.2 It is also good practice to restrict cash disbursements to an absolute minimum. Wherever possible payments should be made by cheque and, only in very exceptional circumstances, should any cash transactions of over £25 take place.

8.16.1.3 The account must **not** therefore be used for transactions such as:-

- i. Salary or Wage Payments - payment **must** be made via the payroll system for regular or casual employment
- ii. Travel and Subsistence Expenses - see Appendix 4
- iii. Purchase of gifts such as flowers for leavers – staff donations should be collected
- iv. Other transactions where an invoice has been received from the supplier concerned

8.16.2 Setting up the Account

8.16.2.1 In setting up a new Petty Cash Account within BAFS it is necessary to estimate your school’s revised cash disbursements over a period of about two weeks. This would then be the suggested value of the cash float to be held. It must be in “round” pounds and a typical float might be £25. £50 should be considered an absolute maximum.

8.16.2.2 The float is then set up as follows:-

- i. Complete a pro-forma invoice for the sum required and obtain the appropriate authorisations as described under paragraph 8.10.
- ii. A cheque should then be made out payable to “CASH” which can be presented at your bank to obtain the requisite currency denominations. It is suggested that the advance should be coded to Learning Resources.

8.16.3 Safekeeping of Cash

8.16.3.1 The float should be held in a lockable cash box and stored when not in use in a secure location such as a safe or strongroom. It should **never** be left out unattended.

8.16.3.2 Access to the float should be restricted to a small number of responsible staff, i.e. one officer who has main responsibility and one other who is able to cover in their absence.

8.16.3.3 It may prove necessary to issue out small sums of money to other school staff in order to provide change floats. These should be restricted to an absolute minimum and stored in

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a discreet and sensible manner by the staff concerned. A list of all such floats issued should be held within the cash box. The float should be returned at the earliest opportunity.

8.16.4 The Petty Cash Book

8.16.4.1 Until further notice the existing standard NYCC Petty Cash Book should be used but certain parts of the contents are no longer applicable, i.e.:-

- i. The Instructions on the front cover are no longer totally appropriate and have been superseded by this Section of the Notes of Guidance.
- ii. The Reconciliation Block is much simplified and this is described under paragraph 6.
- iii. There is no longer a separate bank account for Petty Cash. Topping up will be performed by simply drawing a cheque on the School BAFS Account.

8.16.5 Making Payments

8.16.5.1 All petty cash disbursements should be supported by some form of documentary evidence and initialled by an authorised cheque signatory. This document may be a ticket, receipt of payment or failing this a brief note should be made out identifying the date, payee, nature of the payment and the amount. These supporting vouchers should be serially referenced and retained in the Petty Cash Box.

8.16.5.2 All disbursements should be recorded in the carbonated Petty Cash Book entering:-

- i. Date of Payment
- ii. To Whom Paid
- iii. Brief details of the transaction
- iv. Voucher Number as entered under 8.16.5.1 (above)
- v. Amount (**NOTE:-** If any VAT has been paid ensure that this is separately identified in the Book and a VAT receipt is obtained).

Further guidance on VAT and petty cash can be found in Chapter 16: VAT.

8.16.6 Topping Up and Reconciling the Petty Cash Account

8.16.6.1 It is recommended that this procedure is performed on a broad two weekly basis but dependent upon the variable demand for cash transactions this may vary.

8.16.6.2 Total the transactions recorded in the Petty Cash Book and ensure that this agrees with the value of the vouchers in the Petty Cash Box.

8.16.6.3 Reconcile the account by adding together:-

- Cash on Hand
- + Any Outstanding Floats Issued to Other Staff
- + Total of Current Claim

This should equal the Original Imprest. Enter the above figures onto the Reconciliation Statement in the Petty Cash Book under lines 1, 3, 5, 6 and 10 respectively.

8.16.6.4 If there is a discrepancy that cannot be identified by a second check of the voucher totals and cash on hand then the total current claim should be adjusted upwards/downwards in order to bring the Imprest back to the original sum. This should be clearly identified in the Petty Cash Book as "UNIDENTIFIED BALANCE ON RECONCILIATION". It should

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be drawn to the Headteacher's attention and if there are any suspicious circumstances the Internal Audit Service should be contacted.

- 8.16.6.5 Remove the top copy claim from the Petty Cash Book, staple the vouchers behind this copy and attach a Schools Coding Slip.
- 8.16.6.6 Analyse, total and code the transactions paying particular attention to ensure that any VAT is separately identified and coded. Initial the Goods Received and Invoice Checked Blocks on the CODING SLIP.
- 8.16.6.7 Normal weekly cheque payments procedures should then be adhered to (see paragraph 8.10) with the cheque being made payable to "CASH" thereby restoring the Petty Cash Account to its originally agreed sum.
- 8.16.7 Entering the Transaction onto the School's Financial System**
- 8.16.7.1 This will be performed as part of the normal cheque production procedure described under 8.10.6.

SCHOOLS' CODING SLIP

Supplier No Order No Invoice No	CHEQUE No.																								
<table border="1" style="width: 100%; border-collapse: collapse; margin-top: 20px;"> <thead> <tr> <th style="width: 30%;">Code</th> <th style="width: 30%;">Amount</th> <th style="width: 10%;"></th> <th style="width: 30%;">VAT Code</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>	Code	Amount		VAT Code																	<p style="text-align: center;">Initials</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="height: 40px; text-align: center;">Goods/Services Received</td></tr> <tr><td style="height: 40px; text-align: center;">Invoice Checked</td></tr> <tr><td style="height: 60px; text-align: center;">Authorised/First Cheque Signatory</td></tr> <tr><td style="height: 60px; text-align: center;">Second Cheque Signatory</td></tr> </table>	Goods/Services Received	Invoice Checked	Authorised/First Cheque Signatory	Second Cheque Signatory
Code	Amount		VAT Code																						
Goods/Services Received																									
Invoice Checked																									
Authorised/First Cheque Signatory																									
Second Cheque Signatory																									

REMITTANCE ADVICE

NORTH YORKSHIRE COUNTY COUNCIL

Please find enclosed a cheque in settlement of the account(s) listed. Any queries should be addressed to:-

School Name and
Address - Tel. No.

Date

Your Inv/Ref No.	Our Order No.	Amount
TOTAL		

PROFORMA INVOICE

PAY

DATE	DETAILS	AMOUNT
Total		

Initials

Code	Amount		VAT Code

Goods/Services Received
Invoice Checked
Authorised/First Cheque Signatory
Second Cheque Signatory

Note: VAT receipt must be obtained if transaction is subject to VAT

TRAVELLING AND SUBSISTENCE PAYMENTS

1. Due to the reimbursement of travel being complicated by both VAT and Income Tax, it is essential that all such claims are made on the standard Pro-forma Invoice (Appendix 3).
2. Whilst the majority of claims for travelling and subsistence expenses should be paid by the School **by means of BAFS account cheque**, there is one exception to this rule: where the Corporate Director - Children & Young People's Service has approved the use of central funding for staff attending meetings, conferences or training courses. In such cases payments will be processed and paid from central budgets at County Hall.
3. The recommended (Mandatory - for those items centrally funded) rates payable according to the various categories of travel are circulated periodically by the Corporate Director - Children & Young People's Service to all schools. A copy of the current rates is provided at the end of this Appendix.
4. **The various stages** adopted in pre-processing travelling and subsistence claims are, therefore, as follows:-
 - (i) Applicant to complete the details of the claim on the Pro-forma Invoice showing:-
 1. Names and Address of Claimant
 2. Purpose and Location of Visit(s)
 3. Date(s) and Duration of Visits
 4. Mileages and Rates Claimed
 5. Subsistence if appropriate
 - (ii) This form should then be handed to the School Administrator who **must** be satisfied that the claimant has the following in place before affixing a coding slip and asking the applicant to initial the Goods/Services received block:
 1. A valid MOT for the vehicle;
 2. Valid Road Tax for the vehicle;
 3. A valid driving licence; and
 4. Motor Insurance policy that covers business use
 - (iii) The School Administrator then needs to determine whether the claim is a charge on the Schools BAFS Account **or** is payable from central funds. After checking the arithmetic on the pro-forma invoice and initialling the "Invoice Checked" block the following actions should then be carried out :-

BAFS PAYMENTS

1. Code for VAT purposes travel as Standard Rate, subsistence outside scope.
2. Follow the normal authorisation and cheque production procedures as described under Section 8.10 (1-5).
3. When updating the school's financial system (8.10.6) if the payment is in respect of travel override the Standard Rate VAT calculation for the "petrol element" in accordance with the rates specified under the Corporate Director - Children & Young People's Service's latest circular.
4. Enter details of Travel payments in Travel Claims Register.
5. File Pro-forma Invoice and despatch cheques in accordance with Section 8.10 (8-9).

CENTRALLY FUNDED PAYMENTS

1. Pass pro-forma invoice to Headteacher for Authorisation.
2. Enter details of travel payment in Travel Claims Register.
3. Post the Pro-forma Invoice to Children & Young People's Finance.

TRAVELLING EXPENSES AS AT 1 APRIL 2013

PLEASE ENSURE THAT THESE RATES ARE BROUGHT TO THE ATTENTION OF ALL STAFF AS APPROPRIATE.

SUPPORT (NON TEACHING) STAFF

With effect from 1 April 2013 travelling rates for all authorised journeys are:

	<u>First 8500 miles</u>	<u>In excess of 8500 miles</u>
All staff on Local Government Services Conditions of Service	40.0p per mile	25.0p per mile

All staff should retain sufficient petrol or diesel receipts to cover the mileage on each claim form. Receipts showing that the fuel has been purchased within a "reasonable" period before the journey was made are deemed acceptable by HMRC. These are to be kept for a period of 3 years in case HMRC require seeing them.

Given that staff may leave or retire, schools may want to retain the receipts with the claim form themselves.

If schools are found not to be complying with this rule by HMRC, the County Council will be subject to financial penalties that will be passed on to the school(s) concerned.

TEACHING STAFF

The travelling rate payable to Teaching Staff for all authorised journeys, including interview expenses, is **31.18p per mile**.

VAT IN FUEL

Head teachers/Principals of all establishments with delegated budgets should note that VAT may be reclaimed from HMRC for the "petrol element" of North Yorkshire employee car allowance expenses. VAT should, therefore, be calculated on claims based on "cc" of car using the following VAT in petrol pence per mile:

	<u>0001-1400cc</u>	<u>1401-2000cc</u>	<u>over 2000cc</u>
All users (except Leasing)	2.000	2.000	2.500

Please ensure that these are applied on Training claims, depending on the cc of car used, as well as to any other mileage claims which are not processed through the travel system.

Note that VAT is not reclaimable on Home to Work travel or Interview Expenses.

VAT should then be shown on coding slips in the same manner as other invoices.

Queries should be directed to the HR Shared Service Team at County Hall.