**Specifications  
For**

**Finance & Accounting System and Service**

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#### Financial Services

**1. Service Description – General**

**1.1 Basic Services**

* The Contractor must provide a process for the generation and despatch of purchase orders and the administration and payment on behalf of the Customer of invoices payable in respect of the Customer’s suppliers and other sums payable on the Customer’s request. Service provision includes the electronic receipting of goods or services, scanning, electronic storage and archiving of supplier invoices, electronic workflow processes for invoice authorisation. The service includes central helpdesk to resolve accounts payable (“AP”) related queries. (“Purchase to Pay”).
* The Contractor must provide a process for the generation of Customer sales orders, sales invoices, credit notes and a process for the receipt and allocation of monies in relation to Customer invoices. It also provides a debt management service as defined in the Contractor's Debt Management Policy (“Order to Cash”).
* The Contractor provides a process for the management of the GBS (“Global Banking Services”) and agreed commercial bank accounts including daily bank reconciliations and a short-term cash requirement forecast (“Cash Management”).
* The Contractor must provide bookkeeping for the Customer, up to the point of trial balance generation. It provides month end closure and has responsibility for the implementation of a common, agreed accounting timetable. Full reconciliation ledger accounts where this function has been delegated to the Contractor. Reconciliation details shall be formally documented and agreed between the parties within 30 days of the Commencement Date. The service includes the provision and maintenance of a standard interface gateway into the Contractor’s general ledger, (“Accounting to Reporting - General Ledger”).
* The Contractor is responsible providing the Customer with tools to enable for the production of financial management reports (“Management Reports”) from the underlying accounting records, to agreed common monthly and annual timetables. The contractor will make available a standard reporting library. The ability to report against budget will be available to the Customer. (“Accounting to Reporting - Reporting”). The Contractor will also ensure other reports are available to monitor transactions within the system.
* The Contractor must provide a process to account for VAT associated with sales and purchase invoices. The Contractor will review the VAT transactions and invoices (including charitable purchases invoices) for VAT rate accuracy and produce VAT returns. (“VAT Services”).
* The Contractor must provide for all users a central helpdesk facility to deal with IT related queries. (“System Administration”). The system is supported between 08:00 to 18:00 from Monday to Friday but excluding public holidays. Whilst the system is available outside of these hours this cannot be guaranteed as the Contractor will need to undertake maintenance activities from time to time. The Contractor will use reasonable endeavours to communicate when systems will be down.
* The Contractor shall not be liable for any loss or damage whatsoever insofar as any calculations or recommendations concerning the Contractor’s assessment in respect of VAT reclaimed if such calculations or recommendations subsequently be judged or proved incorrect by the VAT tribunal or HM Revenue and Customs (“HMRC”). This includes for the avoidance of doubt, any interest or penalties charged by HMRC.
* Future Department of Health initiatives or H.M. Government changes or initiatives introduced after the signature of this contract will not be undertaken as part of the standard service but will be delivered under the terms of a Minor Works Order.

##### **1.2 Other Services**

* The Contractor is responsible for the maintenance of a system of internal controls and provision of year-end audit assurance statements to the Customer. (“Audit & Governance”).
* The Contractor will maintain a library of System training materials / toolkits to support Contractor processes and to allow delivery of training necessary for the Customer staff to operate the Contractor Systems.
* The Contractor will provide certain other services (“Other Services”) in addition to the Basic Services set out in a) to i) above, included in the Basic Service Charges.

###### **1.2.1 E-Procurement (“EProc”)**

The EProc service delivery is defined as the offerings categorised below:

EProc front end requisitioning and procurement system which incorporates:

* Searching using item data from internal and external catalogues, marketplaces and favourites list, including the automatic population of order details into the requisition.
* The comparison of search results to facilitate decision making supporting free format requests for non-catalogued items
* Smart forms – organisation specific requisition templates which can be prepopulated with key information as well as facilitating the capture of additional details pertinent to the requirement.
* The facility to group multiple requirements against multiple suppliers on a single requisition.
* The ability to request multiple delivery points for each requisition line if required is provided by the system although additional manual processing will be required by the Customer.
* The ability for a user to raise a requisition for another enabling a central function to process requirements across an organisation / department. The user raising the requisition is recorded as the ‘preparer’ and the person who needs the goods is shown as the requisitioner (note: all approvals are routed via the requesters supervisor unless changed, to select a different approver (if changed a full audit trail is available).
* Automatic account code generation based upon the requisitioners default settings: ‘cost centre’ linked to the deliver to location subjective code derived from the NHS e-Class code of the goods or services being ordered.
* Automatic linking of NHS e-Class categorisation to appropriate accounting subjective codes including an indicative VAT code.
* Automatic validation of account code combinations ensuring only valid code combinations are used for the ordering of goods and services.
* The ability to change the charge account for each requisition line (only valid code combinations can be used) and split the cost between multiple cost centres by percentage or actual amount if required.
* The facility to add notes to the requisition approver to support the request.
* The facility to add notes to the buyer to support the request.
* The facility to add attachments to the requisition.. Attachments can be enabled for the following: internal, the buyer, the approver, the receiver, the supplier. Attachments can be any of the following: text, Web URL, Word, Excel or another relevant file. Text attachments to the supplier will automatically be printed on the purchase order.
* The system provides an online status tracking tool, whereby users can easily monitor the progress of their requisition from creation to closure. Any actions against the requisition are recorded for audit purposes. The tracking includes requisition approvals – who it is waiting to approve it, order creation – visibility of any resulting purchase order number, receipts – both items waiting to be receipted and visibility of receipts made by the user.
* The system automatically assigns an approver to the requisition based upon the requisitioner’s supervisor and the approval limits they and their supervisors have been given. It is possible to add additional approvers if required, this will not remove the initial approval requirement.
* Additional approval can be enforced based upon the NHS e-class category of the goods / services being ordered or a value threshold being enabled, e.g. IT equipment requisitions can be directed for approval to a named individual within the Customer’s organisation.
* Automatic requisition number generation to support audit and management of the system.
* Requisitions can be saved at any point up until they are submitted for approval.

1. Online requisition generation via the front-end requisitioning and procurement system. Online requisition approval and rejection via automatic workflow created in accordance with an approved organisation hierarchy supplied by the Customer.
2. Online receipting of goods and services through the front-end requisitioning and procurement system. Different responsibilities enable organisations to control the level of access, visibility and functionality available to individuals, this enables a single point of receipt e.g. reception desk, to view and action a whole building’s orders if required.
3. Receipting functionality includes the facility to add notes, capture delivery and shipment information and process any returns or corrections online. Tolerances can be set for both quantity and time as required. In addition, the facility to ‘express’ receipt enables large multiple line orders to be receipted in one transaction.
4. A receipt traveller can be printed to support any additional requirements or quality checking.
5. An additional purchase order approval hierarchy is used to enforce proper procurement compliance. Buyers are set up to reflect the organisations requirements and can approve based upon value and position this ensures that high value purchase orders are appropriately managed.
6. Automatic purchase order generation from approved catalogue requisitions and submitted to appropriately pre-entered suppliers. Functionality to monitor and control catalogue spend to set contract or agreed customer financial limits for suppliers.
7. A requisition ‘pool’ captures any requisitions which do not meet the requirements for ‘automatic generation and dispatch’. The requisition pool can be configured to automatically assign named buyers to specific requisitions if required. Requisitions can be modified and rejected back to the requisitioner at this stage if required.
8. Manual purchase order creation, to facilitate the conversion of ‘non catalogue’ requisitions and other types of purchasing document into purchase orders. This functionality supports the grouping of requisitions and the consolidation of requirements onto one order if required. In addition, if the organisation has fully populated the end user’s information the requisitioners email address and telephone number is available at this stage should there be any requirement to contact them. This functionality supports the creation of the following types of purchase order:
9. confirmation orders
10. pre-allocated orders
11. call-off orders.
12. standing orders
13. service orders / value only orders.
14. contract orders
15. Automated purchase order delivery to suppliers via electronic routing software via email or XML via 3rd party exchange if relevant. Purchase order delivery address in accordance with the stated delivery address as supplied by the Customer. A full set of purchase order delivery reports are available to the customer
16. Purchase order functionality to allow purchase orders to route delivery to an approved buyer as opposed to stated supplier. This enables the buyer to print out an order and attach any additional documentation, prescriptions, cheques etc. as required before dispatching the purchase order to the supplier.
17. Provision of the facility to enable electronic catalogue management by the authority supplies department, including update, add and delete functionality of individual catalogue lines.
18. Use and Integration of 3rd Party Catalogue systems to support both transparent and double punch-out
19. Audit trail capability to enable the tracking of requisitioning, approval receipting through to payment.
20. Support and Interface of NHS supply chain catalogues onto the front-end requisitioning and procurement system directly or via the 3rd Party Catalogue system. The automatic population of the NHS supply chain ‘stock’ catalogue updated on a daily basis is available.
21. The automatic generation of Supply Chain orders direct into NHS Supply Chain systems with associated mapping and corresponding billing files as standard.
22. The system also supports the processing of demand from other 3rd party systems:
23. Materials management interface – items Managed by 3rd party inventory systems can load catalogue data export/import receipt data to the system, automatically generate purchase orders against relevant suppliers and import purchase order information.
24. Functional support offered via helpdesk, with second line support via operational team.
25. Full integration with the general ledger using the accounting structure and supplier files across the system.

###### **1.2.2 Extended VAT Services**

1. The Contractor shall also provide the following extended VAT services on a chargeable basis as detailed in Section F of this Schedule for the following service descriptions:
2. Partial exemption review: a review and analysis of exempt income to total income and calculation or irrecoverable input tax as required annually by HM Revenue and Customs method may need HM Revenue and Customs written approval if the standard partial exemption framework is not used.
3. Business activities review: a review of the sales of goods or services were made for a consideration.
4. Zero-rated catering review: a review of the organisations catering activities in order to identify any opportunities for zero rating the sale of foodstuffs. Agreement to the use of a zero-rating percentage is required from HM Revenue and Customs.
5. Capital - line by line analysis: a detailed review of an organisations capital schemes in order to establish individual VAT recovery percentages to be applied against each build project.
6. PFI / LIFT Advice: bespoke advice on structuring collaborative building projects in order to optimise VAT recovery for a health organisation. All projects should obtain written approval from HM Revenue and Customs.
7. VAT training services: additional individual training solutions tailored to meet the organisation's needs, delivered in a range of media as required.
8. COS reviews (non-Customer): a review of an organisation’s contracted-out services VAT recoveries under Section 41 VATA 1994.

* [Section 41 of the Value Added Tax Act 1994 on legislation.gov.uk](https://www.legislation.gov.uk/ukpga/1994/23/section/41)
* [HMRC’s internal guidance on Contracted Out Services (COS)](https://www.gov.uk/hmrc-internal-manuals/vat-government-and-public-bodies/vatgpb9720)

1. Construction Industry Scheme (“CIS”): completion of Contractors monthly return for submission to HM Revenue and Customs.
2. Other VAT compliance reviews.

Note: The Extended VAT Services under 1.2.2 will not be provided as part of the standard service unless otherwise stated in Schedule 5 charges but will be contracted under a Minor Work Order and paid for separately.

**1.3 General**

The Contractor will work in partnership with the Customer to create a strong working relationship.

The parties will agree clear lines of escalation for resolution of any disputes for each key process within three months of the Service Commencement date.

The Customer will provide its standing financial instructions to the Contractor on request by the Contractor.

**2. Service Descriptions – detailed**

**(A) Purchase to Pay**

**Procedure: Governance**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| **Governance** | * Endeavour to ensure staff supporting AP invoice processing are suitably trained. | * Ensure staff responsible for AP invoice processing are suitably trained. |
| * Ensure accuracy and authorisation of all expenditure before escalation within the organisation hierarchy. | * Process all invoices received as defined in this procedure, except non-PO invoices from suppliers configured as 100% PO suppliers (these will be rejected back to the supplier). |
| * Establish and maintain appropriate approval limits and escalation hierarchies to ensure accurate actioning, coding, and approval of invoices/notifications. | * Implement appropriate processing controls to support internal and external audit governance requirements. |
| * Work with the Contractor to resolve service issues if and when they arise. | * Work with the Customer to resolve service issues if and when they arise. |
| * Use reasonable endeavours to transition 80% of total AP invoices onto the Contractor’s e-invoicing platform. |  |

**Procedure 2: Invoice Processing**

**2.1 Receipt of Invoice by Contractor (Excluding Ready to Pay Files)**

**2.1.1 Quality of Invoice**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.1.1.1 | * Ensure all supplier invoices are submitted directly to the Contractor unless a clear and communicated business need exists for local submission. Review rejection reports and educate suppliers accordingly. | * Receive and process all documents legally recognised as true invoices. |
| 2.1.1.2 | * Forward invoices with a valid business need for local submission to the Contractor at the agreed address daily. | * Reject supplier invoices that do not meet the "good invoicing guide" criteria. Return them to the supplier with clear reasons. Make this information available to the Customer Service Centre (CSC) for handling queries. |
| 2.1.1.3 | * Forward any invoices received by the Customer to the Contractor at the agreed address. | * Confirm the following for each invoice received: 1) Full supplier trading or registered office address, 2) Invoice number and date, 3) Legibility of invoice. |
| 2.1.1.4 | * Advise new suppliers that all invoices must comply with the latest version of the Contractor’s 'good invoicing guide'. | * Reject invoices that do not total correctly and return them to the originating supplier. |

**Procedure 2.2: Invoice / Credit Note Processing – Purchase Order (To the Point of Ready to Pay)**

**2.2.1 Workflow Management**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.2.1.1 | * Resolve and action PO invoice holds related to: 1) price, 2) quantity ordered, 3) quantity received. | * Maintain robust operating procedures to ensure PO workflow routines operate efficiently. Report issues to the Customer. |
| 2.2.1.2 | * Ensure notifications for holds such as: max ship amount, freight hold, PO matching, dispute, trust, and hold payment are actioned by buyer/receiver within 5 working days of notification. | * Match individual invoice lines to appropriate PO lines. |
| 2.2.1.3 | * Ensure all open interface rejections are actioned by the receiver within 3 working days. | * Ensure invoices with price and quantity variances are placed on hold and returned to Customer within 3 working days. |
| 2.2.1.4 | * Use reasonable endeavours to keep interface rejections and PO notifications below 10% of total PO invoices processed. | * Manage resolution of PO invoice holds within 24 hours where reasonably possible, including: multiline PO, tax variance, distribution variance, credit note hold, line variance, NPP holds, PO matching, rejected payments, dispute. |
| 2.2.1.5 | * Re-enable disabled GL codes within 24 hours when requested by Contractor to allow invoice posting. | * Action requested open interface rejections once notified by Customer. |
| 2.2.1.6 | * Provide authorisation to release trust hold, dispute hold, and hold payment within 5 days of initial request. | * Ensure a time-out manager is set up for PO notification escalation. |
| 2.2.1.7 | * Run and review PO workflow reports, proactively manage release of invoice holds, and identify approver training needs. | * Ensure all open interface rejections are actioned by the buyer within 3 working days. |

**Procedure 2.3: Invoice / Credit Note Processing – Non-Purchase Order (To the Point of Ready to Pay)**

**2.3.1 Workflow Management**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.3.1.1 | * Re-enable any disabled general ledger (GL) codes within 24 hours when requested by the Contractor to enable outstanding invoice posting. | * Maintain robust operating procedures to ensure all non-PO workflow routines operate efficiently and effectively. |
| 2.3.1.2 | * Provide authorisation to release “trust hold” within 5 days of initial request to place invoice on hold. | * Send all non-PO invoices to an appropriate individual in the Customer organisation for authorisation. |
| 2.3.1.3 | * Take appropriate prompt action upon receipt of notifications. | * Forward constructed AP documents to the Customer for approval. Post debit adjustments to the ledger to correct overpayments on supplier accounts without requiring Customer authority. |
| 2.3.1.4 | * Return notifications to the Contractor for the following reasons:  1) Does not belong to my budget  2) Not an invoice  3) Invoice belongs to another organisation (incorrectly scanned) – Customer must contact supplier to request credit note or cancel invoice  4) Attachments required  5) Illegible image  6) Dealt with by ready-to-pay file  7) Duplicate invoice  8) PO invoice | * Manage resolution of non-PO invoice holds including:  • Scheduled payment  • Multi-period posting  • Pre-paid  • Tax variance  • Tax amount range  • Distribution variance  • Line variance  • NPP holds  • Rejected payment  • Trust  • Dispute  • Dist. acct invalid  • Awaiting credit note |
| 2.3.1.5 | * Run and review Customer’s non-PO workflow report. Proactively manage invoice approvals and address any approver training needs identified. |  |
| 2.3.1.6 | * Use reasonable endeavours to ensure notifications regarding awaiting credit note/dispute (including NHS invoices) are actioned by the approver within 5 working days. |  |

**Procedure 2.4: Credit Notes**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.4.1 | **Non-PO and Paid PO Invoices** 1. Identify the need for a credit note and contact the supplier. Place invoice on ‘awaiting credit note’ hold if unpaid. 2. Arrange for credit notes to be sent directly to or forwarded to the Contractor, referencing the associated invoice. 3. Action credit notes within 2 working days by removing the hold once received. | 1. Verify and accurately process all credits received. 2. Remove invoices from credit note hold once credit note is received. |
| 2.4.2 | **Unpaid PO Invoices** 1. For unreceipted PO notifications awaiting receipt, confirm that the order is awaiting a credit note. 2. Obtain a credit note from the supplier if the Contractor has contacted the supplier three times and the supplier refuses to supply a credit. | 3. Contact suppliers three times where notified as “awaiting credit note” by Customer. 4. Return notifications to the Customer for suppliers contacted three times without success, including details of actions taken. |

**Procedure 2.5: Manual/Faster Payment Requests (Prepayments)**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.5.1 | 1. Submit prepayment requests only on an exceptional basis. 2. Ensure prepayment requests are submitted before the agreed deadline for same-day payment. 3. Ensure an invoice is obtained and sent to the Contractor to clear available prepayments. 4. Budget holder must confirm invoice has not already been prepaid. | 1. Manually enter prepayments as requested by the Customer. 2. Apply approved invoices to CHAPS/faster prepayments. |

**Procedure 3: Query Management**

**3.1 Query Resolution**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 3.1.1 | * Take necessary action as required by the Contractor to enable resolution of a query from a third party. | * Ensure all requests and queries are dealt with in line with agreed service levels. |
| 3.1.2 | * Refer supplier contact regarding invoice settlement back to the Contractor. | * Track and monitor contact received. |
| 3.1.3 | * Ensure suppliers are provided with the Contractor’s dedicated supplier support contact details. | * Track and monitor query response times. |
| 3.1.4 | * Contact the Contractor’s customer service desk for queries or additional information. | * Provide support and information to users within the Customer. |
| 3.1.5 | * Provide explanation and next steps for all exception processing. | * Work with the Customer to ensure all queries are answered. |
| 3.1.6 | * Respond to requests for assistance from the Contractor. | * Log, monitor, and promptly resolve all escalations or complaints. |
| 3.1.7 |  | * Provide full and accurate details to the Customer of third-party issues requiring Customer action. |
| 3.1.8 |  | * In case of dispute or inaction by a third party, request the Customer to contact the third party directly. |

**3.2 Legal Action**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 3.2.1 | * Maintain accountability for resolution of legal action. | * Co-ordinate resolution of any legal claim, pending or active. |
| 3.2.2 | * Respond to communication from the Contractor regarding impending legal action within 2 days of receipt to avoid additional costs. | * Notify the Customer of any pending legal actions within 2 working days of receipt. |
| 3.2.3 | * Work with the Contractor to resolve issues related to the pending legal claim. | * Work with the Customer to resolve issues associated with the pending legal claim. |
| 3.2.4 | * Provide the Contractor with the relevant legal point of contact. | * Track and communicate resolution or escalation of pending legal actions to the Customer. |
| 3.2.5 | * Assist the Contractor by providing requested information and documents to resolve legal claims. | * Forward all documents relevant to disputing the claim to assist the Customer. |
| 3.2.6 |  | * Provide the Customer with a named point of contact. |

**Procedure 4: Payments Management**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 4.1 | * Proactively manage invoice approvals to ensure payments are facilitated within agreed schedules. | * Facilitate payment of invoices by their due dates, subject to appropriate authorisation and availability of funds. |
| 4.2 | * Submit requests for additional payment runs (outside contractual agreement) by 4pm the day prior. These runs are only allowed in exceptional circumstances and may incur additional charges. | * Produce and send remittance advice to all suppliers within 24 hours of the final payment run. |
| 4.3 | * Ensure any local payments are made only in exceptional circumstances and communicated to the Contractor. | * Take discounts for early payment as standard operating policy unless instructed otherwise by the Customer. |
| 4.4 | * Approve scheduled payment runs by 1pm; otherwise, runs will auto-cancel or auto-pay as configured. | * Process payment runs as per agreed schedule. |
|  |  | * Schedule, process, record, and control all payments made. |
|  |  | * Where BACS payment runs exceed agreed limits, communicate with the bank to temporarily increase limits and allow payments to proceed. |

**Procedure 5: AP Static Data**

**5.1 Set Up and Maintenance of Supplier Master Data**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 5.1.1 | * Submit completed P2P Supplier Set-Up Request Form to the Contractor, including mandatory fields for invoice payment and PO creation: • Supplier Name • Trading Address • Registration Numbers • Phone Number • Email Addresses • Payment Information | * Process authorised P2P Supplier Set-Up Request Forms within agreed KPIs. |
| 5.1.2 | * Ensure the supplier set-up form is fully and accurately completed to avoid delays. | * Maintain supplier master file data with consistent naming conventions and avoid duplications. |
| 5.1.3 |  | * Perform inactive supplier file reviews every 6 months; deactivate sites not used in over 18 months. |
|  |  | * Verify bank details for new suppliers or amendments. If not provided, payment will be made by cheque. |
|  |  | * Verify mandatory fields against supplier documentation and external authorities (e.g. Companies House). |
|  |  | * Maintain full audit log of supplier master data changes, including: • Date of update • User responsible • Record updated • Reason for update |
|  |  | * Set all suppliers as “3-Way” matched by default. PO invoices are cleared only after receipting. |
|  |  | * Apply “2-Way” match exception for special exclusion suppliers formally agreed with Customer. Disable receipting requirement at master level. |
|  |  | * Record and report additional supplier characteristics where relevant: • SME qualification status • Charity Registration Number • Companies House Number |
|  |  | * Set suppliers as “100% PO” unless classified as valid “non-PO” under Customer’s Standing Financial Instructions/local policies. |

**Procedure 6: Ready to Pay File Interface**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.1 | * Ensure data from alternative systems is accurate and submitted to the Contractor on time. | * Notify the Customer when the file has been received. |
| 6.2 | * Notify the Contractor of any supplier set-up changes within 2 working days to avoid rejections. | * Reconcile ready-to-pay exception manual batches and ensure they are marked as “Manually Approved.” |
| 6.3 | * Action any adjustments arising from interface failures within 1 day. | * Monitor ready-to-pay files and action any exceptions within 1 day. |

**Procedure 7: Period End Transacting**

**7.1 Month End**

| **Procedure Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 7.1 |  | • Close the AP sub-ledger in accordance with the published monthly accounting timetable. |

##### **B) Order to Cash**

**Procedure 1: Governance**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.1 | * To make available and provide updates of departmental organisation charts and contact details for processing staff. | * Process all sales invoices and credit memos raised as defined in this procedure. |
| 1.2 | * To ensure, in co-ordination with the Contractor, the raising of all sales invoices and credit memo are validated in time for despatch and subsequent collection of monies. | * Ensure appropriate processing controls are implemented to support internal and external audit governance requirements. |
| 1.3 | * To ensure appropriate workable approval limits and escalation hierarchies are established to ensure that all sales invoices and credit memos are appropriately and efficiently approved. | * Ensure that VAT coding is in accordance with designated NHS transaction types. |
| 1.4 | * To ensure invoices are raised accurately for NHS debtors in line with the treasury rules and guidance. | * Match all invoice related receipts to debtor invoices where appropriate within 2 working days where invoice number provided. |
| 1.5 | * To use reasonable endeavours to provide a 24hr turnaround of refund authorisation emails / GL code request. | * Code and post all miscellaneous cash receipts to the appropriate receivable activity code. Within 1 working day. |
| 1.6 | * To respond to unallocated cash reports within 3 days. | * Liaise with the Customer to ensure that all cash and error postings are recorded and controlled within 2 working days. |
| 1.7 | * To provide key contacts with cover for absence. | * Resolve all unmatched receipt queries in conjunction with the Customer within 5 working days. |
| 1.8 | * To participate in monthly debt management Customer calls. | * Ensure receipt-rounding write offs are conducted in accordance with agreed debt collection policies. |
| 1.9 | * To provide quarterly responses to regular income updates. | * Use reasonable endeavours to ensure that cash is appropriately allocated with minimum assistance from the Customer. |
|  |  | * To arrange and participate in the monthly debt management calls. |

**Procedure 2: AR Static Data**

**2.1 User Responsibilities, Approval Limits and Approval Hierarchy Set-Up**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.1.1 | * To ensure user responsibilities, approval limits and approval hierarchies are established to ensure that all sales invoices and credit memos are appropriately approved via workflows. |  |

**Procedure 2: AR Static Data**

**2.1 Approval Hierarchies and Workflow Management**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.1.1 | * To ensure all approval hierarchies are reviewed at least monthly and notify IT Service desk of any changes in staff movements. |  |
| 2.1.2 | * To ensure all workflows are appropriately redirected in cases of staff holidays, sickness or other absence. |  |

**2.2 Set Up and Maintenance of Customer Master Data**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.2.1 | * To identify the need for a new debtor and set up the account, minimising duplication of debtors. | * Following notification that a new debtor has been requested, validate the new debtor details for completeness and consistency within 2 working days. |
| 2.2.2 | * To action all new debtor account errors notified by the Contractor within 2 working day in order to minimise delays in the raising of sales orders. | * Notify the Customer of all errors made in setting up a new debtor within 2 working days. |
| 2.2.3 | * To ensure all new debtor accounts are set up in accordance with the Contractor Debt Management Policy to minimise risk of bad debts. | * Ensure integrity of debtor records e.g. consistent naming conventions and complete address details. |
| 2.2.4 | * To ensure that the appropriate template is assigned to a new debtor to ensure that the appropriate VAT treatment is made in accordance with designated NHS transaction types. | * Process requests to consolidate/merge duplicate debtor accounts within 5 working days. |
| 2.2.5 | * To identify need for consolidation of duplicate accounts. | * Process debtor amendment requests within 2 working days of receipt. |
| 2.2.6 | * To notify the Contractor using appropriate forms to consolidate duplicate debtor accounts. |  |
| 2.2.7 | * To notify the Contractor of any amendments to be made to existing debtor data using appropriate forms. |  |

**2.3 Products Items and Receivable Activities**

**2.3.1 Product Items**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.3.1.1 | * To identify the requirement for a new product item or amendment to be actioned and communicate the request to the Contractor using the appropriate forms. | * Set up and maintain the product items and communicate the resulting action back to the Customer within 2 working days. Volume changes will require longer than 2 working days to action and should be provided with a greater lead time. |
| 2.3.1.2 | * To provide accurate and detailed description of new product items to enable Contractor to select appropriate VAT rate. | * Notify the Customer as soon as practicable of all errors made in the requesting of new products including confirming the VAT rate is correctly applied within 2 working days. |
| 2.3.1.3 | * To provide appropriate VAT rates relating to income generating activities, with advice from Contractor’s VAT specialist, if required. | * Ensure that the appropriate VAT rate is selected to be applied to product master files to reflect the standard NHS transaction types. |
| 2.3.1.4 | * To ensure the correct GL code combination is set up prior to submission of set up request. |  |

**2.3.2 Receivable Activities**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.3.2.1 | * To identify the requirement for a new receivable activity to be set up. | * Set up receivable activity codes at the request of the Customer within 2 working days. |
| 2.3.2.2 | * To communicate with the Contractor using appropriate forms, all the details required to set up the new income code (including GL account combination and VAT rate as applicable), with help from the Contractor’s VAT specialist, if required. | * Notify the Customer as soon as practicable of all errors made in the requesting of new receivable activities within 1 working day. |

**2.3.3 Department/Salesperson Set-Up**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.3.3.1 | * To identify the requirement for a new salesperson to be set up. | * Set up the salesperson request at the request of the Customer within 2 working days. |
| 2.3.3.2 | * To communicate with the Contractor using appropriate forms all the details required to set up the new salesperson including GL account combination. | * Notify the Customer as soon as practicable of all errors made in the requesting of new salespersons within 1 working day. |
| 2.3.3.3 | * To ensure the correct GL code combination is set up prior to submission of set up request. |  |

**Procedure 3: Sales Invoicing**

**3.1 Raising a Sales Order/Invoice Request**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 3.1.1 | * To identify the need for a sales order to be raised. | * Communicate all sales order discrepancies/errors that have been outstanding on the sales order exception report over 48 hours to the Customer within 2 working days. |
| 3.1.2 | * To ensure all sales invoices are raised in a timely and accurate manner to assist debt collection. |  |
| 3.1.3 | * To ensure that the debtor for whom the invoice is being raised, is a valid debtor and has a valid address. |  |
| 3.1.4 | * To ensure that when the order is raised all of the required information, to allow for future collection of the debt is available in accordance with the existing Contractor Debt Management Policy. |  |
| 3.1.5 | * To ensure that the correct product pricing is entered on to the sales order request. |  |
| 3.1.6 | * To ensure that all sales orders are appropriately approved within 5 working days. |  |
| 3.1.7 | * To ensure that all sales order errors/discrepancies are resolved within 5 working days of notification either via workflow or from Contractor. |  |
| 3.1.8 | * To ensure that the standard generic debtor accounts for NHS debtors are used to raise sales invoices. |  |
| 3.1.9 | * To ensure that all income is raised in accordance with guidance and deadlines in the treasury management rules issued by the Department of Health and Monitor. |  |
| 3.1.10 | * To action invalid/new GL code combinations in accordance with the agreed sales order management procedures within 1 working day. |  |

**3.2 Despatch of Invoices, Credit Notes and Attachments**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 3.2.1 | * Where electronic attachments are appropriate the Customer must ensure all electronic attachments comply with Contractor guidelines. | * Identify documents requiring attachments and match appropriately. |
| 3.2.2 | * Where electronic attachments are inappropriate, Customer to ensure hard copies are despatched to the debtor within 2 working days of order approval. | * Print and despatch invoices and credit notes following invoice/credit generation within the sales ledger within 2 working days. |

**Procedure 4: Debt Collection**

**4.1 Debt Collection**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 4.1.1 | * To provide information and assistance to the Contractor within 5 working days to help resolve debtor queries in order to achieve satisfactory resolution of disputed invoices thereby returning debt status to collectable by the Contractor. | * Conduct debt management activities in accordance with the current Contractor Debt Management Policy. |
| 4.1.2 | * To provide and keep updated suitable points of contact to coordinate the resolution of disputed invoices. | * Record all debtors contact in accordance with agreed debt collection procedures. This should be done via the invoice notes so appears on comments report. |
|  |  | * Produce and send dunning letters to the debtor in accordance with agreed debt collection procedures. |

**4.2 Legal Action**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 4.2.1 | * To provide to the Contractor all necessary information and support for any legal action undertaken. | * Manage legal action against debtors in accordance with the current Debt Management Policy. |
| 4.2.2 | * To respond to communication in support of legal action undertaken within 5 working days. | * Track and communicate to the Customer escalation or impending legal action via monthly call/reports. |
|  |  | * Administer legal action against debtors in accordance with procedures agreed with the Customer. Including use of 3rd party agents. |
|  |  | * Notify the Customer of any proposed legal actions immediately. |

**4.3 Write Offs**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 4.3.1 | * To review the recommended bad debt listing and authorise (in accordance with Customer procedures) bad debt write offs as appropriate within 5 working days of the audit committee or other Customer procedure. | * Provide Customer with sufficient information to enable a write off decision to be made in accordance with the current Debt Management Policy. |
| — | * — | * Ensure debt write offs are conducted with appropriate Customer authorisation. |

**Procedure 5: Query Management**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 5.1 | * To provide information and assistance to the Contractor in resolving all queries received from the Contractor within 5 working days. | * Ensure debtor queries are dealt with and coordinate query resolution with the Customer as necessary within 5 working days. |
| 5.2 | * To ensure query credit memo requests are actioned within 5 working days. | * Log all debtor queries received in F&A System as required. Logs will be made available to the Customer on request. |
| 5.3 | * To help facilitate monthly calls with the Contractor to resolve any issues. | * Respond to Customer queries via supported channels of communication. |
| 5.4 | * Ensure that there is a contact telephone number dedicated to responding to debtor invoice queries during contracted hours of 09:00 – 17:00 Monday – Friday. |  |

**Procedure 6: Raising Manual Credit**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.1 | * To identify need for a manual credit to be raised to a debtor either by: * Completing the appropriate form and submitting to the Contractor ensuring appropriate level of authorisation for submission * Or, raising the internally approved credit directly in F&A System AR. | * Process manual credit requests within 2 working days. |
| 6.2 | * To ensure the appropriate GL code combination is set up prior to submission. |  |

**Procedure 7: Raising a Credit Memo Request**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 7.1 | * To identify the need for a credit memo request (CMR) to be raised. | * Identify the need for a credit memo request to be raised. |
| 7.2 | * To raise the credit memo request within 1 working day of identifying the need for a CMR to be raised. | * Raise the CMR within 1 working day of identifying the need for a CMR to be raised with clear instructions why it has been raised. |
| 7.3 | * To ensure that all credit memo requests are actioned within 5 working days of receipt ensuring the requested information is provided to the Contractor to progress debt collection. |  |

**Procedure 8: Period End Transacting**

**8.1 Month End**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 8.1.1 | * To ensure all sales orders and credit memo requests are raised and approved at least 2 working days prior to last working day in the month. | * Ensure current accounts receivable (“AR”) period is closed on last working day of each month and the new period is opened. |
| 8.1.2 | * To review monthly the aged debt analysis reports and communicate any feedback / actions required to the Contractor within 10 working days. | * Produce debtor statements as per current Debt Collection Policy. |

**8.2 Year End**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 8.2.1 | * To ensure that all outstanding transactions have been processed in accordance with the year-end AR timetable. | * Prepare and issue year end timetable and accruals process in accordance with Department of Health. |
| 8.2.2 | * To ensure all sales orders and CMRs are approved prior to month end close. | * Issue year end and accrual statements to Customer’s NHS debtors in accordance with the year-end timetable. |
| 8.2.3 | * To work with the Contractor to ensure that all NHS debtor and intra NHS AR invoice listings queries are resolved. | * To work with the Customer to ensure that all NHS debtor and intra NHS AR invoice listings queries are resolved. |
| 8.2.4 | * To agree NHS debtor balances directly with debtors. |  |
| 8.2.5 | * To advise the Contractor of all disputes and agreements reached following the completion of the debtor’s agreement exercise within the timescales laid down in the relevant timetable. |  |

##### **(C) Cash Management**

**Procedure 1: Governance**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.1 | * To ensure all internal, Department of Health, Monitor and external audit governance and cash control requirements are adhered to. | * Ensure all internal, Department of Health, Monitor and external audit governance and cash control requirements are adhered to. |
| 1.2 | * To supply the Contractor with an up-to-date list of authorised signatories. | * All entries posted to GL after working day 3 need Customer approval. |
| 1.3 | * To provide named contacts and a deputy to take part in monthly review calls. | * Provide a named contact for Cash Management. |
|  |  | * Facilitate the option to print a receipt for customer from F&A System to a local printer so customer can provide a receipt when required. |

**Procedure 2: Receipts – GBS and Agreed Commercial Accounts ONLY**

**2.1 Receipts: Monies Received by the Customer**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.1.1 | * To provide receipts for all monies received locally, (as required) within 24 hours. |  |
| 2.1.2 | * To produce electronic deposit slips, (as required) and bank all monies received within 24 hours (or in accordance with other agreed local practice). |  |
| 2.1.3 | * To communicate to the Contractor full details of all local banking made within 24 hours. |  |
| 2.1.4 | * To ensure recording of all local banking on to F&A System within 2 working days. |  |
| 2.1.5 | * To ensure all local banking reconcile to the amounts remitted on the Contractor’s system. |  |
| 2.1.6 | * To provide assistance to the Contractor to resolve local banking queries for monies receipted and banked by the Customer. |  |

**2.2 Receipts: Monies Received by the Contractor**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.2.1 |  | * Create an AR transaction on F&A System for all income received by the Contractor within 24 hours. |
| 2.2.2 |  | * Complete deposit slips and bank monies received within 48 hours. |
| 2.2.3 |  | * Post Electronic income to Sales Ledger within 24 hours. |
| 2.2.4 |  | * Where invoices are raised allocate receipt to Debtor invoice within 48 hours. |
| 2.2.5 |  | * Where invoice not raised post income to GL within 5 days in accordance with Authorities instructions. |
| 2.2.6 |  | * Provide the Authority with monthly report of unallocated items. |

**Procedure 3: Payments – GBS and Agreed Commercial Accounts ONLY**

**3.1 Timetable for Payment Runs**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 3.1.1 | * To negotiate and agree with the Contractor the payment cash flow timetable. | * Prior to executing payment run confirm that sufficient funds are available. |
| 3.1.2 | * To approve payment runs by 1:00PM on the day of the payment run. | * Where approval has not been given by the Customer by 1:00pm, then payment will be cancelled. |
| 3.1.3 | * To co-ordinate and communicate known cash limitations to the Contractor to facilitate efficient payment runs. | * Authorised requests for urgent payment are processed within an agreed time scale. |
| 3.1.4 | * To ensure that only authorised approvers can request an urgent manual payment to be raised. |  |

**3.2: Bank Account Administration – Direct Debits / Standing Orders**

| **Procedure Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 3.2.1 | * To communicate to the Contractor details of all new or amended direct debits and standing orders to facilitate funding arrangements within 48 hours. | * Administer standing orders through the GBS operational account within 24 hours. |
| 3.2.2 | * Responsible for the setup of direct debits and informing the Contractor within 24 hours of doing so. | * Maintain the Contractors bank mandates. |
| 3.2.3 | * Maintain Customer current bank mandates. |  |

**Procedure 4: Daily Reconciliations**

**4.1 GBS**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 4.1.1 | * To provide assistance to the Contractor on the resolution of unidentified items within 3 working days. | * Carry out daily electronic download of bank statements. |
| 4.1.2 | * To use local based transactions at Customer’s discretion, usually for emergency purposes. | * Ensure automatic reconciliation of F&A System transactions to statement daily. |
| 4.1.3 | * To ensure that all local transactions are entered into the appropriate ledger within 24 hours. | * Produce reconciled cash book by 10am. Reconcile all operating bank accounts and resolve all queried items and make correcting journals within 5 working days. |
|  |  | * Resolve and post all unidentified items, by contacting the source of the item, if necessary, within 1 calendar month. |

**Procedure 5: Returned BACS, Un-presented Cheques and Dishonoured Cheques – GBS and Agreed Commercial Accounts Only**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 5.1 | * To inform the Contractor of any payable orders that needs revoking so that the Contractor can action. | * Send notification to bank requesting revocation of orders upon request. |
|  |  | * Identify BACS returns and action within 24 hours. |

**Procedure 6: Cash Monitoring & Drawdown Service**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.1 | * Work with the Customer to develop and maintain the cash forecast. |  |
| 6.2 | * To work with the Contractor to maintain an accurate cash forecast. |  |

**Procedure 7: Period End Transacting**

**7.1 Month End**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 7.1.1 | * To assist / cooperate in resolving unidentified items. | * Deliver to the Customer a report on monthly GBS and agreed commercial bank account reconciliation. |
| 7.1.2 | * Customer to authorise journals after 3 working days to enable the Contractor to upload. | * After 3 working days authorisation is required from the Customer before journals can be uploaded. |

##### **(D) Accounting to Reporting - General Ledger**

**Procedure 1: Governance**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.1 | * To ensure appropriate controls are in place within legacy systems used to generate data to be transferred. | * Following customer approval, facilitate the transfer of balances from legacy systems into the Contractor accounting system as instructed by the customer. Contractor will support the review of balances before uploading. |
| 1.2 | * To undertake a review of cost centres and local codes routinely but no less than once per year. |  |
| 1.3 | * To identify codes that are no longer required and disable where appropriate. |  |

**Procedure 2: Chart of Accounts**

**2.1 General**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.1.1 | * To identify new segments required and communicate to the Contractor using the standard documentation. | * Maintain a common Chart of Accounts that conforms to the principles established below by the Contractor. This will comprise of two cost centres common to all Customers, balance sheet (000000) and Suspense (099999). |
| 2.1.2 | * To create new code combinations as required. | * All other cost centre values will be Customer defined, within unique ranges given to each Customer. All subjective codes will be shared by all Customers. Analysis 1 codes in the range 00000 - 09999 are common to all Customers; beyond this Customers are given a specific range for locally determined codes. |
|  |  | * All analysis 2 codes are for local use, within given ranges. |
|  |  | * Analysis 2 codes in the range of 00000-09999, Z0000-Z9999 and L0000-L9999 are common to all Customers; beyond this Customers are given a specific range for locally determined codes. |
|  |  | * Ensure the Customer has access to the template for chart of account changes. |
|  |  | * Process ad-hoc requests for new cost centre and sub-analysis codes. |
|  |  | * Set up new subjective codes in accordance with manual for account requirements. |
|  |  | * Endeavour to process requests made by Customer for new subjective codes and where there is a requirement that applies to all NHS entities ensure these are reflected in the standard chart of accounts. |

**2.2: Re-organisations (Name Changes etc.)**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.2.1 | * To notify the Contractor, giving at least 20 days’ notice of any organisational restructuring resulting in major (>100 database changes per accounting month) cost centre changes. Changes of more than 100 in a single month may be subject to an additional charge. | * Process on to F&A System re-organisational changes of cost centre, subjective and sub-analysis codes. For major organisational changes process these onto F&A System once a timescale and commercial arrangements have been agreed between the Customer and Contractor. |

**Procedure 3: Reporting Hierarchies**

**3.1 General**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 3.1.1 | * To identify changes required in hierarchies and notify the Contractor of any such changes using the standard documentation. |  |
| 3.1.2 | * Ensure no incidences of orphan and double-parented codes. |  |
| 3.1.3 | * Implement national changes through to hierarchies. | * Such national changes will be published on the Contractors extranet. |

**3.2 Re-Organisation (Mergers)**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 3.2.1 | * Processing re-organisational based changes to reporting hierarchies in accordance with a clearly agreed plan and timescales. |  |
| 3.2.2 | * For major organisational change process changes to reporting hierarchies once a timetable and commercial arrangements have been agreed between the Contractor and the Customer. |  |

**Procedure 4: Tables**

**4.1 Currency Tables**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 4.1.1 |  | * Maintain and update currency rates in the accounting system, to be done weekly. |

**Procedure 5: General Ledger Processing**

**5.1 Interface Transaction**

**5.1.1 Timetable**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 5.1.1.1 | * To agree with the Contractor the timetable for the processing and transfer of interfaces to the GL. | * Produce a week to months’ timetable for Resus and payroll interfaces in line with the Inland Revenue standard timetable and ensure this interface timetable is communicated in advance at the start of each financial year. |
| 5.1.1.2 | * To ensure all interface files are accurate and in the correct format. |  |

**5.1.2 Interface Submission**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 5.1.2.1 | * To ensure local interfaces are run in accordance with the agreed accounting timetable. | * Run import routines for interfaces in accordance with the timetable agreed between the parties. |
| 5.1.2.2 | * To ensure that for interfaces provided from a third party to the Customer has an agreed timetable and appropriate service level commitment. | * The standard number of payroll interfaces processed is 1/week for weekly payroll (if applicable), 1/month for monthly payroll and 1 supplementary payroll interface file per month. |

**5.1.3 Interface Processing**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 5.1.3.1 | * To ensure the accuracy of interface data. | * Process awaiting interface files promptly upon receipt, check integrity and advise the Customer of any issues within 24 hours, including manpower information whole time equivalents (“WTE”). |
| 5.1.3.2 | * To review the validity of account code combinations and adjust where necessary. | * Report exceptions to the Customer (i.e. missing files or invalid files). |
| 5.1.3.3 | * To ensure that control accounts relating to interfaces retained under the responsibility of the Customer are reconciled and adjusting are cleared in time for the “soft” close process each month. | * On receipt of a correctly formatted interface file(s) which has been uploaded by the Customer, the Contractor will load the file into the General Ledger and reconcile the interface file(s) to ensure data integrity and advise the Customer of any issues within 24 hours. |
| 5.1.3.4 | * To clear any suspense account postings for locally run interfaces in time for the sub ledger close process each month. | * Generate error files for return to the Customer for them to take appropriate action within 24 hours. |
| 5.1.3.5 | * To ensure that the causes of interface errors, communicated by the Contractor, are reviewed and the appropriate corrective action taken within 3 working days of receipt of errors from the Contractor. | * Provide template to allow automated upload of error corrections and payroll movements. |
| 5.1.3.6 | * To allocate responsibility for reconciliations to named individual. | * If a file is expected and has not been received, then contact the source of that file to advise of non-receipt within 24 hours. |
| 5.1.3.7 | * To promptly action error reports and to liaise with the Contractor the action required within 24 hours. | * Interface files received outside of the agreed times will be processed as soon as the schedule allows and may be subject to an additional charge. |
|  |  | * Ensure that the causes of interface errors, if caused by the Contractors system and communicated by the Customer, are reviewed and the appropriate corrective action taken within 1 month for notification. |

**5.2. Additional Responsibilities for Both Parties**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 5.2.1.1 | * To review the accuracy and continued relevancy of automatic accruals and manage changes as appropriate. | * Confirm that interim GL and AP and AR control accounts reconcile at the end of each month within 5 working days of sub ledger close. |
| 5.2.1.2 | * To review each month, all outstanding GRN orders and adjust accordingly for items already invoiced through the nonpurchase order invoices workflow. | * Ensure that a validated PO accrual report is emailed to the Customer on the 1st working day of each month. Ensure that a validated non-PO accrual report is emailed to the Customer on the 1st working day of each month. |

**Procedure 6: Month End Processing**

**6.1 General Ledger**

**6.1.1 Timetable**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.1.1.1 | * To implement the Contractor’s standard month, end close timetable. | * Communicate to the Customer the monthly “sub-ledger” and GL “hard” close timetable. Monthly hard close timetable is published on the extranet and also set as standard at 7 working days unless notified of another preferred date. |
|  |  | * Sub-ledger close is timetabled for the last working day of each calendar month. |
|  |  | * Hard close date to be agreed during implementation. This can be changed upon mutual agreement. |
|  |  | * Maintain and monitor the GL checklist of month end close processes. |

**6.1.2 Journal Processing**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.1.2.1 | * To review the accuracy of the calculation of recurring journals and correct where necessary each month. | * Ensure all journals approved and posted before 5pm are posted into the GL on the same working day except on GL close dates when other arrangements will apply. |
| 6.1.2.2 | * To ensure that all reversing journals have been posted each month in accordance with the monthly timetable. |  |
| 6.1.2.3 | * To ensure that system control codes must not be used for general journal entries. |  |
| 6.1.2.4 | * To minimise impacts across other balance sheet codes by completion of reconciliations under Customer responsibility. |  |
|  |  | * The system should require the approver to review the journal before the approval option is available to ensure. |

**Procedure 6.1.3: Balance Sheet Review and Reconciliation**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.1.3.1 | * To review the balance sheet control account schedules issued by the Contractor and agree with the Contractor the balance sheet codes that will be reconciled by each party. | * Provide a balance sheet control schedule and timetable to the Customer to enable the agreement of which balance sheet codes will be reconciled by which party. This to be carried out at implementation stage. |
| 6.1.3.2 | * To reconcile the agreed balance sheet accounts in accordance with the agreed monthly timetable actioning the reconciling items. | * Provide the balance sheet reconciliation service in line with the balance sheet control schedule agreed by both the Contractor and the Customer and ensure that the detail included in the reconciliations includes comments on outstanding items. |
| 6.1.3.3 | * In agreement with the Contractor set monthly balance sheet review meetings. | * Assist with resolution of queries arising from the reconciliations. |
| 6.1.3.4 | * To assist with resolution of queries arising from the reconciliations. | * Delivery of detailed reconciliation information pack (by email) within 7 working days of agreed GL closure of reconciliations that the Contractor has responsibility. |
| 6.1.3.5 | * To provide all information necessary to allow the Contractor to complete the agreed level of payroll administration service for items in the GL. | * Reconciliation packs will include: • Key contacts within Contractor’s organisation and Customer • Balances summary • Systems generated balance sheet • Comments for discussion |
| 6.1.3.6 | * Regular contact to be maintained with Contractor’s operational staff. This to be achieved by diary dated ‘meetings. | * In agreement with the Customer, regular contact to be maintained with Customer’s operational staff. |

**Procedure 7: Period End Close Down**

**7.1 Month End: Sub Ledger**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 7.1.1 | * Ensure AR and AP sub ledger close process adheres to the agreed timetable and fits in with the GL Closedown to ensure completeness of month end reports. | * AP to GL sub-ledger reconciliation by end of working day 5. Non-PO and GRNi accruals to be posted as part of sub-ledger close process, details to be emailed to nominated contacts. AP Trial balance to be emailed to Customer on 1st working day following sub-ledger close. |
| 7.1.2 | * Quality checks of the sub-ledger to GL reconciliation are undertaken. | * AR to GL sub-ledger reconciliation by end of working day 5. |
| 7.1.3 | * Ensure the purchasing sub ledger is closed, and appropriate checklist of processes completed in accordance with the agreed timetable. | * Payroll error suspense and resus error suspense reconciliations delivered by the end of working day 5. These reconciliations to be updated following GL close if necessary. |
| 7.1.4 | * Reconcile and clear any system generated suspense accounts with mutual agreement from the Customer. | * AP error suspense to be delivered 5 working days following sub-ledger close to ensure first-cut report is as accurate as possible. Outstanding balances to be detailed on the reconciliations which will be updated after GL close if necessary. |

**7.2: Month End – General Ledger**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 7.2.1 | * To ensure that all income accruals and prepayments are posted accurately and within the timetable agreed between the parties. | * Ensure the Customer’s approval is received for postings that will affect the income & expenditure report (“I&E”) or that are posted after working day 3. |
| 7.2.2 | * To ensure that all other GL adjustments are processed accurately and within the timetable agreed between the parties. | * Where agreed, ensure approval is received from the Customer of the final figures prior to the Contractor actioning the payment. |
| 7.2.3 | * To ensure that all accruals are posted accurately and within the timetable agreed between the parties. | * Where agreed, for third party pay-overs raise payment requests in F&A System and for Customer’s approval. |
| 7.2.4 | * To ensure strict adherence to the timetable agreed between the parties. |  |
| 7.2.5 | * To ensure that all month end data and recharges and all adjustments are posted to GL in accordance with the agreed timetable. |  |
| 7.2.6 | * Where agreed, and the Contractor provides payroll services, ensure as agreed at implementation to provide to the Contractor all relevant documentation to enable the Contractor to prepare appropriate pay-overs. |  |
| 7.2.7 | * Where agreed, and the Contractor does not provide payroll services, the Customer must provide all relevant documentation to enable the Contractor to prepare the appropriate pay-overs. This to be done by WD5 including supplementary documents. |  |
| 7.2.8 | * Where agreed, for third party pay-overs ensure timely approval for payment requests raised by the Contractor. |  |

**7.3: Additional Year-End Processes**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 7.3.1 | * To agree with the Contractor the detailed year-end timetable covering cash management, debtor and creditor reconciliations and general closedown. | * Publish a detailed year-end timetable covering cash management, debtor and creditor reconciliations and general close down. |
| 7.3.2 | * To ensure strict adherence to the timetable agreed between the parties and in line with the Department of Health / Monitor or appropriate regulatory body timetable. | * Arrange year-end accounts timetable to meet the Customer’s and the Department of Health’s reasonable requirements provided that the Customer shall, and Department of Health communicate such requirements to the Contractor. |
| 7.3.3 | * To agree NHS creditor balances. | * Ensure strict adherence to the timetable agreed between the parties and in line with the Department of Health or appropriate regulatory body timetable. |
| 7.3.4 | * Where agreed roll forward agreed closing / opening balances into new accounting year in accordance with agreed timetables. | * Year-end systems close down processes. |
| 7.3.5 | * Agree with the Contractor date for year-end GL close using the standard form issued by the Contractor. | * Where agreed roll forward agreed closing / opening balances into new accounting year in accordance with agreed timetables. |

##### **(E) Reporting**

**Procedure 1: Reports and Analysis**

* 1. **Security**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.1.1 | * Provide to the Contractor and maintain user and distribution lists. | * Provide to the Customer reporting to highlight any issues with the distribution list. |
| 1.1.2 | * Manage changes to the distribution list through self-service OR submission of a form to the Contractor. | * Action any changes to the distribution list that are not covered by self-service in a timely manner. |

* 1. **Review of Reports and Change Management**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.2.1 | * To provide a detailed specification if changes to existing reports or new reports are required. | * All changes will be subject to the change control process set out in Terms and Conditions of the contract. |
| 1.2.2 | * To promptly test any development version of reports and feedback findings and observations to the Contractor. | * Provide estimates for new reports requested by the Customer submitted using the change control procedure. |
|  |  | * Monitor report usage. |

**1.3.1 Reports for the Customer**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.3.1.1 | * To submit to the Contractor any information required to be reported on reasonable time as regards month end timetable and actions to be performed on it. | * Ensure that monthly reporting process is run to the timetable agreed between the parties. |
|  |  | * Maintain a library of current reports, together with a brief description of their functionality to assist the Customer in preparing monitoring reports and statutory accounts. Ensure additions and deletions are communicated to the Customer. |
|  |  | * Enable real time reporting within the library of reports. |

**(F) VAT Services**

**Procedure 1 Governance**

* 1. **General**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.1.1 | * To grant access to any general VAT data remaining at the Customer. | * Prepare and provide a VAT workbook template based on information held within the F&A System. This will be supplied to the Customer in accordance with the agreed timetable. |
| 1.1.2 | * To process or communicate to the Contractor, daily any VAT impacting information received by the Customer within the relevant period (month) the information is received. | * Provide analysis information within the reconciliation of the VAT control accounts (header account level) supplied on the VAT Workbook template for each period. |
| 1.1.3 | * To provide the Contractor with any external advisor reviews in relation to the VAT Workbook; this should include all the required information (as appropriate) and be provided within the period they relate to for a revised workbook to be prepared by the Contractor within the subsequent months VAT workbook (as appropriate). | * Provide detail for purchase, cash and sales transactions in the VAT workbook template to the Customer as extracted from the F&A System for the relevant VAT return period. |
| 1.1.4 | * To provide all VAT Workbook amendment requests (as appropriate) in the prescribed format: using the "Review Schedule" provided. For any amendments relating to prior periods, the Journal movements should also be provided to the contractor. | * Include within the VAT workbook template a monthly/quarterly reconciliation of the VAT control accounts; this is done for header account level (default codes). Prepare and include within the VAT workbook template a VAT adjustment journal for the relevant fiscal period. The journal will be uploaded by the Contractor by the last working day of the period before soft close unless agreed at an alternative date. |

* 1. **General VAT Liaison with HMRC**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.2.1 | * Notify the Contractor of any changes to the Customer’s VAT representative. | * Provide the relevant access to VAT data held at the Contractor as required by HM Revenue & Customs, the Customer (or delegated 3rd party agreed by both parties as requiring access to the data) and Internal Auditors. |

**Procedure 2: VAT System**

**2.1 Processing**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.1.1 | * To endeavour to ensure that the Customer’s staff undertake VAT training and are aware of HMRC. | * Review and update F&A System supplier VAT flag set-ups to facilitate the accurate coding of VAT amounts in the system; this applies to non-PO invoices only (PO VAT coding in the system is determined by e-class codes managed by Customer). |

**VAT Procedures**

**Penalty Regime Conditions**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| PRC.1 | * To ensure that the Customer’s staff receive appropriate training in workflow notification. | * Provide a monthly/quarterly personal call with a nominated contact(s) at the authority to discuss the VAT Return or any relevant topics for the period. |
| PRC.2 | * To assist the Contractor’s P2P staff to resolve workflow issues. | * Respond to all queries in relation to the VAT process within 5 working days as appropriate. |
|  |  | * Ensure that VAT non system data is archived securely where appropriate. |

**Procedure 2.2: Monthly Reports and VAT Returns**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.2.1 | * To grant the Contractor access to any VAT data remaining at the Customer in support of their duties or in support of any VAT Audit to be undertaken by HM Revenue & Customs, Internal or External audit functions. | * Reconcile the purchase, cash and sales reports included within the VAT workbook template to the VAT Control accounts as appropriate (header account level - default codes) for the relevant fiscal period within F&A System to ensure all data is included within the relevant period. |
| 2.2.2 | * To provide to the Contractor VAT recovery percentages on capital projects undertaken at the Customer for all outstanding schemes and within the period (month) they are agreed for any new schemes. This is so that VAT recovery can be made by the Contractor on invoices received. Unless the Contractor has separately agreed to establish VAT recovery percentages, on behalf of the Customer. | * Extract and review purchase invoices from the F&A System to apply a VAT treatment (shown within the VAT workbook template analysis information) in adherence with the most recent contracted out services guidance published by HMRC. Contract reviews may be subject to extended services, see section 6 for further details. |
| 2.2.3 | * To respond to Contractor VAT queries or requests for further information as appropriate within 2 working days to avoid VAT returns being prepared without information required and required re-work for overdue responses. | * Include within the VAT workbook template for each period a summary of the VAT Treatment applied to purchase invoices under each category as applicable. |
| 2.2.4 | * To endeavour to ensure that the integrity of the data supplied by Contractor is correct. | * Include within the VAT workbook template a summary of the output tax declared as extracted from F&A System for the relevant VAT Return period. |
| 2.2.5 | * To ensure that Cash and Sales transactions are correctly set up for correct VAT treatment within the system. | * Provide analysis information within the reconciliation of the VAT control accounts (header account level - default codes) supplied on the VAT Workbook template for each period. |
| 2.2.6 | * Provide the Contractor with a copy of the signed and agreed VAT 100 (return) and VAT 21 form in accordance with the timetable agreed between the parties. |  |
| 2.2.7 | * To provide the Contractor with full details of any changes made to the VAT return prior to submission including the provision of any adjustments made to the Customer’s accounts. |  |
| 2.2.8 | * Submit the VAT 100 and VAT 21 form to HM Revenue & Customs in accordance with legislative filing deadline. |  |

**Procedure 3: Capital Schemes**

| Reference | Customer Responsibilities | Contractor Responsibilities |
| --- | --- | --- |
| 3.1 | * To notify the Contractor of all current and new capital schemes (including PFI & LIFT projects) being undertaken together with the agreed percentage of VAT to be reclaimed. | * Review the purchase invoices from the VAT return period to apply VAT treatments supplied by the Customer in relation to capital recovery schemes, business activities or to accommodate other special circumstances where appropriate. |

**Procedure 4: Construction Industry Scheme**

**(“CIS”) Administration**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 4.1 | * To inform the Contractor of any change in supplier details in relation to subcontractor tax status within the relevant period (6th–5th of following month). | * Process all CIS invoices on hold in workflow. |
| 4.2 | * To provide the Contractor with confirmation for the submission of the CIS return within the relevant period (before 19th). | * Calculate tax deductions within CIS. |
| 4.3 | * To notify the Contractor of any changes to the Customer’s CIS representative. | * Generate RFT1 payments to HMRC. |
|  |  | * Monitor and amend incorrect tax deductions. |
|  |  | * Update CIS flag on master file in accordance with notification by Customer of new supplier, or amendment status by HMRC. |
|  |  | * Enter and maintain static records of the UTR/NI NO/CO REG NO details in F&A System including amendments received from HMRC as notified by Customer. |
|  |  | * Extract ledger information monthly and analyse for transfer to Contractor’s Monthly return template. |
|  |  | * Completion and submission of Contractor’s monthly return template to Customer by 12th day of the month for filing with. |

**Procedure 5: Charitable Funds Purchases**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 5.1 | * To retain responsibility for identifying and managing purchases to be made via charitable funds. |  |
| 5.2 | * To liaise with buyers directly and supply them with correct zero-rating certificates in order that goods can be purchased VAT free. |  |
| 5.3 | * To retain responsibility for compliance with HM Revenue & Customs regulations on charitable goods purchasing criteria. |  |
| 5.4 | * To bring to the Contractor’s attention any enquiries in relation to charitable funds VAT. |  |

**Procedure 6: VAT – Extended Services**

**6.1 Partial Exemption Review**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.1.1 | * To provide access to information and staff to allow Contractor to perform a full income analysis. | * Contractor to perform income analysis and complete accurate partial exemption calculations to timetable agreed with Customer. |
| 6.1.2 | * To provide access to record and/or answers to queries raised by Contractor in relation to income analysis calculations performed. | * Contractor to complete and present for signature a 64-8 mandate to the Customer and submit to HM Revenue & Customs on behalf of the Customer. |
| 6.1.3 | * To sign a 64-8 mandate for submission to HM Revenue & Customs to confirm that Contractor working on behalf of the Customer. | * Contractor to submit partial exemption calculations to HM Revenue & Customs. |
|  |  | * Contractor to deal with any queries arising from HM Revenue & Customs as a result of Customer submission and advise Customer of agreed outcome. |
|  |  | * Contractor to complete and upload adjustment journal required and also adjust the next VAT return. |

**Procedure 6.2: Business Activities Review**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.2.1 | * Customer staff to liaise with Contractor staff to ascertain exact information required for review. | * Contractor to provide Customer with list of information required to complete the review. |
| 6.2.2 | * To provide full & detailed information requested to Contractor. | * Contractor to collate information from Customer & complete analysis to timetable agreed with Customer. |
| 6.2.3 | * To sign a 64-8 mandate for submission to HM Revenue & Customs to confirm that Contractor working on behalf of the Customer. | * Contractor to complete and present for signature a 64-8 mandate to the Customer and submit to HM Revenue & Customs on behalf of the Customer. |
| 6.2.4 | * To provide access to relevant personnel (e.g. estates, catering manager) to enable Contractor to complete calculations. | * Contractor to submit review to HM Revenue & Customs and deal with any queries arising from the submission. |
| 6.2.5 | * To answer queries raised by Contractor in relation to information provided. | * Contractor to deal with any queries arising from HM Revenue & Customs as a result of Customer submission and advise Customer of agreed outcome. |

**Procedure 6.3: Zero-Rated Catering Review**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.3.1 | * To provide access to personnel to discuss the review. | * Contractor to discuss with the Customer details of the review & methodology involved and scope of any potential claim. |
| 6.3.2 | * To provide access to sites for Contractor to carry out the review. | * Contractor to complete and present for signature a 64-8 mandate to the Customer and submit to HM Revenue & Customs on behalf of the Customer. |
| 6.3.3 | * To arrange for staff to complete the till review of sales for a set (agreed) period of time as specified by the Contractor. | * Contractor to conform with the agreed Customer timescale for completion of the review including details of the actual week during which the review is to take place. |
| 6.3.4 | * To sign a 64-8 mandate for submission to HM Revenue & Customs to confirm that Contractor working on behalf of the Customer. | * Contractor to be available on site during the review week to liaise with catering staff and check on progress of the review. |
| 6.3.5 | * Once claim approved, to provide Contractor with cost centre to journal VAT reclaim (where applicable). | * Contractor to compile information into a report, complete calculations, ascertain the zero-rated percentages and submit claim to HM Revenue & Customs. |
|  |  | * Contractor to liaise with HMRC regarding the review and confirm with Customer once approved. |
|  |  | * Contractor to complete and upload adjustment journal required and also adjust the next VAT return. |

**Procedure 6.4: Capital – Line by Line Analysis**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.4.1 | * To provide access to relevant personnel to discuss schemes and ascertain scope of work to be carried out. | * Contractor to scope out projects requiring action and obtain all relevant information from the Customer or nominated representative. |
| 6.4.2 | * To sign a 64-8 mandate for submission to HM Revenue & Customs to confirm that Contractor working on behalf of the Customer. | * Contractor to complete and present for signature a 64-8 mandate to the Customer and submit to HM Revenue & Customs on behalf of the Customer. |
| 6.4.3 | * To provide all documentation in relation to the schemes, including bills of quantities, tender document and relevant plans & drawings. | * Contractor to complete scheme calculations in accordance with HM Revenue & Customs regulations and provide copy to Customer for agreement prior to submission to HM Revenue & Customs. |
| 6.4.4 | * To agree scheme calculations prior to submission to HM Revenue & Customs. | * Contractor to liaise with Customer to agree if any previous payments need adjusting and to load relevant journals and perform any current VAT return adjustments. |
| 6.4.5 | * To provide cost centre to Contractor for any journals where relevant. | * Contractor to submit workings to HM Revenue & Customs (where applicable) and deal and agree with any associated queries arising. Contractor to inform the Customer once claim approved. |

**Procedure 6.5: PFI / LIFT Advice**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.5.1 | * To provide any relevant documentation and discuss with Contractor queries relating to the scheme. | * Contractor to review paperwork and queries raised by Customer and provide initial technical VAT advice to Customer. |
| 6.5.2 | * To review the Contractor’s scheme letter prior to submission to HM Revenue & Customs. | * Contractor to complete and submit scheme letter for submission to HM Revenue & Customs. |
| 6.5.3 | * To sign a 64-8 mandate for submission to HM Revenue & Customs to confirm that Contractor working on behalf of the Customer. | * Contractor to complete and present for signature a 64-8 mandate to the Customer and submit to HM Revenue & Customs on behalf of the Customer. |
| 6.5.4 | * To sign and date any Options to Tax prepared by the Contractor for submission to HM Revenue & Customs. | * Contractor to liaise with HM Revenue & Customs where applicable and advise once scheme letter approved by HM Revenue & Customs. |
| 6.5.5 | * To provide cost centre to Contractor for any journals where relevant. | * Contractor to prepare and submit to Customer for signature any necessary Options to Tax. Contractor to be responsible to submit same to HM Revenue Service in accordance with prescribed legislative format and within time limits set down in the Value Added Tax Act 1994. |
| 6.5.6 | * To maintain option to tax register. | * Contractor to liaise with Customer to agree if any previous payments need adjusting and to load relevant journals and perform any VAT return alterations. |

**Procedure 6.6: Training Services**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.6.1 | * Customer to advise of training needs, staff numbers and provide appropriate resources (rooms, catering) when sessions carried out at the Customer’s site. | * Contractor to ascertain scope of training required and prepare bespoke training solution to these needs within timescale agreed with Customer. * Provide appropriate resources (room, catering) when sessions carried out at the Contractor premises. * Answer any queries which arise out of the session in a timely manner and provide copy slides to the Customer. |

**Procedure 6.7: COS Reviews (Non-Customers)**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.7.1 | * To provide access to site to enable review to be completed. | * Complete review within agreed timescales. |
| 6.7.2 | * To provide details of VAT recovery systems in place and method of identifying VAT already reclaimed. | * Query with Customer and suppliers any invoices which are unclear and require further investigation. |
| 6.7.3 | * To confirm findings with Contractor and agree final figure for reclaim. | * Contractor to complete and present for signature a 64-8 mandate to the Customer and submit to HM Revenue & Customs on behalf of the Customer. |
| 6.7.4 | * To sign a 64-8 mandate for submission to HM Revenue & Customs to confirm that Contractor working on behalf of the Customer. | * Submit findings to HM Revenue & Customs where appropriate and answer any resulting queries. |
| 6.7.5 | * To produce and upload journals and adjust VAT returns for HM Revenue & Customs submission. | * Advise Customer once review approved (where appropriate). |

**Procedure 6.8: Construction Industry Scheme**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.8.1 | * To provide monthly copies of signed submitted returns to Contractor. | * Extract ledger information monthly and analyse for transfer to Contractor’s Monthly return template. |
| 6.8.2 | * To submit monthly return to HM Revenue and Customs based on Contractor template supplied monthly. | * Completion and submission of Contractor’s monthly return template to Customer by 12th day of the month for filing with HM Revenue and Customs. * Completion and distribution of subcontractors’ monthly deduction statements by the 19th day of each month to the relevant parties. |

**Procedure 6.9: Other VAT Compliance Reviews**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.9.1 | * To provide copies of the purchasing contract documentation for review. | * Review bills provided. |
| 6.9.2 | * Liaise with utility companies where errors have taken place, provided the relevant paperwork to them and ensure correct refunds are received by the Customer. | * To provide copies of relevant fuel bills from utility companies. |
| 6.9.3 | * To provide details of specific buildings / residences occupied by the organisations and the use thereof. |  |

**Procedure 6.10: Review of Contracts to Determine**

**VAT Treatment Applicable**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 6.10.1 | * Provide copies of the purchasing contract documentation for review. | * Contract reviews to determine VAT Treatment applicable – subject to size and complexity of contract; this may be included within core service, assessed on a case-by-case basis. |
| 6.10.2 | * Customer to answer queries raised by Contractor in relation to information provided. | * Provide written review of contract in relation to VAT and treatment concluded. |
| — |  | * Subject to approval by the Customer, treat future transactions in relation to the contract in line with the findings as appropriate. |

##### **(G) System Administration**

**Procedure 1: General**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.1 | * To nominate a designated point or points of contact for the Contractor to direct all queries. | * Maintain a point of contact list for internal use. |
| 1.2 | * To ensure necessary access to NHS Net or equivalent communications network for access to Contractor’s services. | * Provide E-Business Suite/equivalent reporting service measures and performance reports. |
|  |  | * Establish formal policies for the archive, storage and retrieval of documentation or imaging (as appropriate) to satisfy all legal retention requirements. |
|  |  | * Provide details, upon request per Customer, of all Contractor users and their responsibilities with access to the Customer’s data via self-service reports. |
|  |  | * Working with the Customer, facilitate the reporting requirements such as day 1 reporting so that the sub-ledger closure is timely. |

**Procedure 2: Users and Responsibilities**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.1 | * To ensure a list of current users and their associated responsibilities is maintained at all times. | * Confirm to the Customer / user of any changes to a user’s assigned responsibilities, as soon as practicable. |
| 2.2 | * New user request/amendment to any existing user account or removal of user account to be notified to the Contractor as soon as practicable in the prescribed form or through their local authorised requesters via the self-service module/system. | * Provide a self-service user creation/amendment module/system for the P2P and reporting system where appropriate for the Customer. Complete user updates on Customer request where certain changes cannot be made within self-service module or for 3rd party linked systems (e.g. catalogues/exchange). |

**Procedure 3: Approval Limits and Approval Hierarchy**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 3.1 | * To ensure a current list of approval limits and the associated approval hierarchy is maintained at all times. | * Action requests for changes to self-service module drop-down settings such as approval limits and locations within 2 days of receipt. |
| 3.2 | * Ensure user responsibilities, approval limits and approval hierarchies are established and maintained on an ongoing basis to ensure that all invoices can and are accurately coded and approved. | * Confirm to the Customer / user of any changes to the user’s approval limits or approval hierarchy as soon as practicable. |
| 3.3 | * Communicate changes to the Contractor in a timely manner. | * Provide reports on approval hierarchy for the Customer to run as and when required. |
| 3.4 | * Set up and maintain a non-PO rules engine. | * Standard requests outside of the scope of the self-service module will be processed within 2 working days of the request being received into the Contractor’s service desk. |
| 3.5 | * Review and update non-PO rules engine on a monthly basis. | * Self-service module requests will be processed within 24hrs of request being approved by Customer. |

**Procedure 4: Password Changes**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 4.1 | Inform users that password reset is done through self-service window and gives them the link to reset their password. Contractor service desk to be used as escalation point if self-service window has not worked. | Password requests if received through email to service desk from the affected specific user actioned within 4 hours. |

##### **(H) Audit and Governance**

**Procedure 1: Standing Financial Instructions**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.1 | * To notify the Contractor of all new and amended standing financial instructions, standing orders and schemes of delegation to reflect the services covered by the Contractor. | * To apply Customer Standing Financial Instructions as appropriate to all incoming “non-catalogue” requisitions, challenging and rejecting where there is non-compliance. |
|  |  | * To note “Non-PO” exceptions from Standing Financial Instructions and apply appropriately to supplier master file, marking relevant suppliers as “100% PO” matched as appropriate. |
|  |  | * To set all suppliers as “3-Way” matched as default (PO matched suppliers’ invoices would only be cleared once PO matched lines are receipted). |
|  |  | * 2-way match exception (no receipt required on PO) may be given to special exclusion suppliers where supplier has formally agreed with Customer. |

**Procedure 2: Audit**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.1 | * To audit all those elements of systems and processes which are under the Customer’s own jurisdiction. | * Review recommendations made by Customer’s auditors that relate to Contractor and implement if appropriate (and advise if not appropriate) and/or do not conflict with other Customers under Contractor edict. |
| 2.2 | * To review recommendations made by Contractor’s auditors that relate to the Customer and implement if appropriate (and advise if not appropriate). | * The Contractor’s external auditors will provide an ISAE3402 type report to the Customer annually in order to provide assurance to the Customer and their auditors over the controls operated by the Contractor. |
| — |  | * Provide the Customer’s head of internal audit or other designated contact point right of access to raise audit queries with the Contractor client management in the first instance with escalation to the Head of Audit. |

**Procedure 3: Controls**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 3.1 | * To ensure completeness, accuracy and validity of data transferred to the Contractor from legacy systems. | * Ensure that adequate internal controls are in place over the F&A system. |

##### **(I) Training**

**Procedure 1: General**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.1 | * To implement key learning initiatives to avoid recurrent issues and errors. | * Identify and implement key learning initiatives to avoid recurrent issues and errors. |
|  |  | * Ensure that the staff responsible for the Customer processing is suitably trained. |

**Procedure 2: Toolkits**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 2.1 | * To maintain bespoke toolkits of local procedures that support the key processes carried out by the Contractor. | * Maintain a library of system training materials to support Contractor processes and to allow delivery of training necessary for the Customer staff to operate the Contractor systems. |

**Procedure 3: Training Provision**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 3.1 |  | * Contractor provides training as standard during the migration project. |
| 3.2 |  | * Once the Customer is live on the Contractor system, further bespoke training packages are available on request and will be chargeable to the Customer. |

**(J) E-Procurement**

**Procedure 1: Purchase Ordering**

**1.1 System Purchasing Ordering**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.1.1 | * To receipt goods received and un-receipt goods returned onto the P2P system within 3 days. | * Despatch POs within 24 hours of approval. Monitor the delivery process and ensure any identified errors / non deliveries are actioned and resent. |
| 1.1.2 | * To ensure receipts are made against the correct PO and advise the contractor if the PO number is correct. | * To accurately raise POs. |
| 1.1.3 |  | Catalogue POs: • by ensuring correct catalogue data is maintained and generated for user search (product code, price, unit of measure, e-class and where relevant, item barcode), automatically generates POs to the correct supplier on requisition approval. |
| 1.1.4 |  | Non-Catalogue POs: • by ensuring requisitions are checked for: • compliancy against Customer Standing Financial Instructions and other local policies. • accuracy against price, unit of measure, product code and supplier. • use of appropriate e-class, descriptions, notes and any other fields. |
| 1.1.5 |  | To approve POs within 24 hours of the PO being raised. |

**Procedure 1.1: Purchase Ordering – Receipting & PO Delivery**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.1.1 | * To place hold on notification if goods have not been received or other issue with receipt. | * Monitor and resend XML/Exchange PO delivery failures within 24 hours of exception being identified. |
| 1.1.2 | * To review local receipting where issues arise. | * Monitor import/export of order files to 3rd party suppliers via other methods such as FTP (e.g. NHS Supply Chain). |
|  |  | * Notify Customer of any system-wide PO generation or delivery issues within 6 hrs of incident or 1 working day of incident, if occurred out of hours. |

**Procedure 1.2: E-Procurement – General**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.2.1 | * To ensure supplier details are correct and up to date and the Contractor is informed of changes as soon as they occur. | * When setting up or amending supplier file, ensure that the file contains trading partner ID to facilitate 3rd party catalogue hosting (punchout). |
| 1.2.2 | * To send appropriate Location request form to the Contractor to set up new deliver-to and ship-to and payment request locations. | * Upon receipt of location request forms, set up/amend locations within 48 hours of receipt. |
| 1.2.3 | * To inform the Contractor of those suppliers where XML/Exchange PO delivery method is required. | * Provide PO transmission delivery via XML and transmission is sent out at least on hourly basis for Email PO transmission and immediately for XML. Timescales are determined by the system. |
| 1.2.4 | * To advise the Contractor of which NHS Supply Chain process to be used for invoice matching and inform of any changes. | * Provide CSV PO Extract to NHS Supply Chain on a 1-hour basis. |
| 1.2.5 | * Maintain and provide the Contractor with a list of authorised requestors to enable changes to be made to hierarchies, locations and purchase order transmissions. | * Where Users require access to multiple organisations for the processing of requisitions and POs, ensure the appropriate hierarchies are enabled within 48 hours on receipt of the request. |
| 1.2.6 | * To provide valid requisition point data for correcting NHS Supply Chain interface rejections. | * Coordinate interface processes and data setup requirements with NHS Supply Chain. |
| 1.2.7 | * Provide internet front-end functionality for Electronic PO to allow electronic requisitioning from predefined catalogues. | * Provide system functionality for requisition workflow processes to operate efficiently and effectively. |
| 1.2.8 | * To maintain up-to-date catalogues and pricing (excluding where Contractor hosts the Global NHS Supply Chain catalogue). | * Maintain units of measure and ensure all associated data templates are synchronised. |
| 1.2.9 | * Complete catalogue template with the new product/prices completed to the agreed format. | * Creation of correct catalogue associations with E-class codes mapped to active product categories with correct subjective codes. |
| 1.2.10 | * The correction of catalogue uploads in accordance with error messaging. | * Automated notification of 3rd party catalogue upload status along with error messaging to advise of any input corrections required on the catalogue upload template. |
| 1.2.11 | * The population of correct category codes within the catalogue template. |  |
| 1.2.12 | * To provide Contractor with any trading group requirements to enable the share of catalogues between organisations. | * Support the sharing of catalogues across and between organisations (where applicable). |
| 1.2.13 | * To send appropriate location request forms to Contractor to change deliver-to, ship-to and payment request locations as soon as any changes take place. | * To inform the Customer immediately of any missing data or any reason a location request cannot be actioned. |
| 1.2.14 | * To ensure correct approvers are set up within workflow hierarchy. | * Provision of catalogue templates with user group associations mapped. |
| 1.2.15 | * Ensure that workflows are set to be redirected if approvers are on leave. |  |

**Procedure 1.3: EProc Market Place / Materials Management Functionality**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.3.1 | * To import and maintain compliant Contractor catalogue data into 3rd party inventory/materials management systems (IMS). | * To set appropriate items in the catalogue provision as suitable for export into the Customer’s 3rd party IMS. |
| 1.3.2 | * To maintain Contractor system(s) references in IMS to allow imports/exports. | * To ensure relevant inventory flagged items have accurate product information, including but not limited to: product code, price, unit of measure, quantity of measure, e-class and where possible GS1 compliant barcode information. |
| 1.3.3 | * To submit catalogue-linked orders via IMS. | * To allow import of orders from IMS into P2P and eventual PO generation, within 30 minutes. |
| 1.3.4 | * To resolve all non-system fault related failures in order imports. | * To allow export of generated PO numbers into IMS, within 24 hours. To allow receipt data import and export from IMS to and from P2P system against PO numbers, within 24 hours. To provide the system functionality for Customer with real-time order import logs/reports. To notify Customer of any system faults in order generation process, in line with system-wide PO delivery issues KPI timescales. |

**(K) Other Services**

**Procedure: Document Despatch and Processing**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.1 |  | * Print and/or email despatch AR invoices and credit notes following invoice/credit generation within the sales ledger. |
| 1.2 |  | * Print and/or email AR month end statements following invoice/credit generation within the sales ledger. |
| 1.3 |  | * Print or email despatch AR dunning reminder letters following invoice/credit generation within the sales ledger. |
| 1.4 |  | * Identify documents requiring attachments and match appropriately. |
| 1.5 |  | * Transmit Purchase Orders following P2P System generation within the purchase ledger same day via Email or XML. |
| 1.6 |  | * Print cheques following P2P generation of cheque run within the purchase ledger. |

##### **(L) Access to Supplier Contracts**

**Procedure 1: Access to Supplier Framework Contracts**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.1 | * The Customer grants the Contractor permission to access AP / PO data for the purpose of spend analytics. | * The Contractor will carry out Nationally compliant procurement activity. |
| 1.2 |  | * The Contractor will load completed contracts onto the Contractor’s catalogue system. |
| 1.3 |  | * The Contractor will provide the Customer with access to the full range of available Supplier Contracts and their pricing in order that the Customer may procure goods and services through the use of them. |

##### **(M) Fixed Assets**

**Procedure 1: Fixed Assets**

| **Reference** | **Customer Responsibilities** | **Contractor Responsibilities** |
| --- | --- | --- |
| 1.1 | * To identify AP invoice relating to the asset register and code to the correct clearing accounts. | * Import the PO and Non-PO AP invoices into the Mass Additions Area. |
| 1.2 | * Process the Mass Additions Area to assign the asset to relevant category or add to an existing asset before the asset appears on the register. |  |
| 1.3 | * Review and approve depreciation journals. | * Run the depreciation jobs and create the journals at month end. |
| 1.4 | * Request changes to the Fixed Assets standing data. | * Maintain to the Fixed Assets standing data. |
| 1.5 | * Reconcile and monitor clearing accounts. | * Where agreed, reconcile Asset Book to General Ledger (GL). |
| 1.6 | * Maintain assets once on the register (e.g. revaluations, adjustments, disposals, unplanned depreciation). | * Align with the month end process and close the period. |

**Procurement Services**

**Defined Terms**

In these standard conditions, save where the context requires otherwise, the following words, terms and expressions shall have the meanings given to them below:

**“Catalogue Management System”** - an electronic system that provides information on products and services and supports on-line ordering and payment capabilities as well as other configurable elements.

**“eClass”** – NHS product coding nomenclature

**“Operational Procurement Team”** – Contractor’s staff dedicated to delivering all aspects of the Operational Procurement service.

**“Service Delivery Plan (SDP)”** – plan agreed with customer annually detailing specific service deliverables, timescales and targets for each year of the contract.

**2) Service Descriptions**

**2.1 (A) Operational Procurement (Transactional Processing)**

The Contractor will provide a service to facilitate the production of requisitions by Customer through to purchase order creation by the Contractor and the entry of a goods receipt by the Customer.

The Contractor will provide a team who will carry out Operational Procurement services (Operational Procurement Team)

**The Contractor’s Operational Procurement Team will:**

* Adhere to and implement the Customer’s local practises and Standing Financial Instructions (SFI’s) providing procurement governance at an operational level.
* Provide guidance to the Customer’s buying community to ensure that governance to the Customer’s SFI’s and Local practises are observed by purchasing items which are only available via the Customer’s approved catalogues.

**The Customer will:**

* Ensure user responsibilities, approval limits, approval hierarchies are established, maintained and communicated to the Contractor on an ongoing basis.
* Ensure that the only channel to raise a PO for the Customer will be electronically via the Contractor’s Procurement Team
* Have a policy of no PO no pay, and PO will be raised before an invoice is received.
* Raise requisitions electronically using catalogue requests, smart forms or non-catalogue requests via the Contractor’s e-Procurement system.

**2.1.1 Catalogue Requests and Catalogue Management**

**2.1.1.1 Catalogue Creation and Management**

The Contractor’s Operational Procurement team will: -

* Create and maintain electronic catalogues within its Catalogue Management System for all categories of spend as agreed with the Customer.
* Ensure all catalogues are linked to appropriate contracts, whether that be the Contractor’s collaborative contracts, other national, regional or local contracts as agreed with the Customer.
* Update catalogue information with Supplier detail, e.g. images of products, lead times, etc.
* Ensure e-Class codes are applied to each item, which will enable the mapping to the subjective code within the general ledger and will ensure consistent coding of like items for management reporting purposes.
* Apply expiry dates to prices as per contract or price agreement, such that supplier engagement is on-going, and expiry dates can be proactively managed.
* Link appropriate catalogue items to a Contract Purchase Agreement (CPA) to enable autocreation of orders selecting catalogue items.
* The Customer’s requisitioner will only be able to select the items that are approved for purchase.
* Insure all items have correct GS1 coding for items and category coding where appropriate.

**2.1.1.2 Smart Forms**

Where appropriate the Contractor’s Operational Procurement Team will identify opportunities for implementing the use and development of Smart Forms, to improve the Customer’s buying process. Smart Forms are requisition templates where information can be pre-populated but where further information is required than on a catalogue item, e.g. Supplier, Price, leaving just specific text fields to be completed.

The Customer must use Smart Forms where available to raise requisitions.

**2.1.1.3 Sourcing of non-catalogue requests and Purchase Order creation**

Where items cannot be purchased from the Customer’s catalogue or pre-determined Smart Forms, the Customer’s requisitioner can raise a non-catalogue request via the Contractor’s procurement system, which when approved will be sent to the Contractor’s buyer review and processing to create a purchase order.

**Non-Catalogue requests will be reviewed to establish: -**

* If the Operational Procurement Team receives a manually created requisition for which a catalogue exists, then the requisition will be switched to the catalogue item.
* The Customer’s requisitioner will be informed of such a change.
* If an item is not available through a catalogue, then the Contractor will procure the items in a manner on behalf of the Customer, compliant with the Customer’s SFI’s to obtain the goods and/or services.
* Accuracy of data entered against provided sourcing documents/quotes for supplier information fields (price, quantity, unit of measure, item codes, item descriptions)
* Appropriateness of data entered in customer defined fields for item (category code selection, goods/service type, free text notes)
* Non-compliant requisitions will be promptly returned to the Customer’s originator by the Contractor with appropriate reasons for the return, and support on how to rectify the issue.

**For non-catalogue items: -**

* The Contractor will ensure that all quotes or tenders undertaken will follow procurement guidelines, and a full audit trail is recorded.
* Written approval will be requested from the Customer prior to any change in the product type supplied.
* Once the appropriate sourcing route has been established and relevant information received, the approved requisition is converted to a purchase order and dispatched to the supplier.

**2.1.1.4 Additional Support**

In addition to the operational processing of approved requisitions, the Contractor’s Operational Procurement Team will also provide additional support for the Customer by:

* Providing procurement advice on quotations and tenders as requested
* Receiving, logging and responding to supplier and Customer queries using appropriate communication channels (telephone, letter, email)
* Taking action to resolve supplier and Customer queries in a timely manner
* Ensuring the response is recorded to provide a full audit trail.
* Support the resolution of invoice queries relating to purchase order invoices.

**2.1.1.5 Sourcing via RFQ (below Customer Tender threshold)**

* Where an item which is under the tender threshold needs to be sourced via a Request for Quotation (RFQ) the Contractor will: -
* Manage a quotation system whereby an agreed number of suppliers will be asked to submit a quotation. The quotes will be in line with the Customer’s SFI’s, and the best value quote will be selected and returned to the Customer for approval. Once approved the Contractor will create a Purchase Order, which will be sent to the supplier.
* Utilise the Contractor’s Programme Management and Reporting solution to deliver the local projects.
* Establish new suppliers onto the system where approved.
* Undertake monthly transaction service phone calls with a nominated Customer representative to report progress and discuss improvement opportunities.
* Depending on the complexity and value of the product/ service the Contractor will use one of the following RFQ systems: -
* The Contractor’s Operational Services Team will provide a RFQ template for suppliers to use.
* For more complex, higher value RFQ’s the Contractor e-tendering tool (National RFQ System) will be utilised.

**2.1.2 Catalogue Management**

The Contractor will provide a Catalogue Management System which will enable the Customer to select appropriate goods to make requisitions as required. The catalogue will be managed by the Contractor’s Operational Procurement Team on behalf of the Customer.

The Customer will have access to a range of the Contractor’s strategic contracts and framework agreements. For each of the Contractor’s agreements, the item level information will be managed by the Contractor to ensure that valid data and prices are published at contract award and will be maintained by the Contractor throughout the duration of the contract.

The Catalogue Management System will allow suppliers to upload their catalogues to provide line level information and will allow suppliers to add additional fields, for example: images and lead times.

The system will allow other contract information to be loaded from multiple sources and will be accessed in exactly the same way, for example any of the Contractor’s local agreements.

All of the supplier contracts will be validated and loaded by the Contractor onto its Catalogue Management System centrally and will then be shared with each of the Customer’s end users.

Where authorised by the Contractor the suppliers can also access the portal via their own Catalogue Management account, and load Master Catalogue data into this central repository, which is then visible to the Customer.

The NHS Supply Chain and Crown Commercial Services or any additional framework providers products will also be loaded into the Contractor’s Catalogue Management System by the Contractor.

The Contractor will update these catalogues on a regular basis, as agreed in the KPIs, and as when required, and an audit trail of changes is available within the solution Catalogue audit trail. All activity will be held online on the Contractor’s Catalogue Management portal for a period of 3 months to provide any initial query resolution.

The Contractor’s Catalogue Management System will also ensure that all catalogue related data is archived each month.

This data can be enhanced and enriched by the inclusion of additional information such as: images, lead times, GS1 coding and e-class, all of which helps to standardise the information used throughout the NHS, and can be maintained at the appropriate source level by those that know the products best.

**2.1.2.1 The Customer’s Bespoke Catalogue**

The Contractor will also provide a bespoke catalogue for the Customer which will be updated and maintained by the Contractor. The catalogue will contain a list of fields on each line item required these will include Item code, Item description, Unit of Measure, Quantity of Measure, eClass and Price. Further information can be added for example, images of products.

Products will be coded in accordance with e-Class coding within the Contractor’s Catalogue.

During the Migration Project, all of the Customer’s purchasing information will be accessed and reviewed by the Contractor as part of the spend profile analysis and will be validated against the supplier repository data for accuracy of mandatory fields and any additional data. Items will be mapped against the Contractor’s contract portfolio and aligned wherever possible.

For products which cannot be imported into the Contractor’s Catalogue Management System, the

Contractor will provide a facility to link directly to a supplier’s website and once the product selection has been made by the Customer, they will be returned back to the Contractor’s eProcurement solution. This will be dependent upon suppliers having the capability to interface into the Contractor’s Finance / Procurement solution.

**2.1.2.2 Supplier engagement**

The relationship with suppliers will be exclusively with the Contractor and the Customer will refer any approach from any supplier to the Contractor.

The Contractor will contact the suppliers throughout the contracting process as appropriate for the nature of the sourcing project. This will take the form of email, 1-2-1 meetings, group supplier discussions, or engagement with specific interest groups who represent suppliers depending upon the nature of sourcing project. This is in addition to formal supplier engagement whilst undertaking New Procurement Act 2023, OJEU procurement processes, tenders or quotations. The Customer will attend those meetings as appropriate subject to reasonable notice.

The Contractor’s Client Service Centre (CSC) will manage any queries with invoices and payments. For any query, the supplier will contact the CSC who will attempt to resolve the query at the first point of contact.

**The CSC team will:**

* Use reasonable endeavours to answer the query at the first point of contact.
* Assign queries to the relevant support team to manage offline where the query cannot be answered at the first point of contact.
* Not refer suppliers to the Customer
* Where necessary gather information from the Customer which it will use to resolve queries
* Place disputed invoices on hold,
* Where a credit note has been requested from the supplier, the Contractor will chase the supplier weekly for 3 weeks on behalf of the Customer. After 3 weeks, the Contractor will liaise with the Customer to agree the next actions that should be taken.
* Any legal notices, or accounts on stop will be communicated to the relevant contact within the Customer by the Contractor

Information on supplier enquiries will be made available to the Customer, and the Contractor will work with the Customer and suppliers to help prevent recurrence in future.

The Customer’s suppliers will be informed by the Contractor on behalf of the Customer to send invoices directly to the Contractor for processing. Where an invoice cannot be processed due to missing or incorrect information, the Contractor will return this to the supplier but will work with the supplier to deliver conforming invoices going forwards. A link to the Contractor’s Good Invoice Guide will be sent to suppliers and the Contractor will instruct the supplier how to invoice correctly and will work with them to ensure they understand the value of correct invoicing. Invoice templates will also be made available to suppliers.

The Contractor will work with the Customer and their suppliers to ensure the suppliers follow the Contractor’s good invoice practice. The Contractor will demonstrate to the Customer an improvement in invoice date to scan date, The Contractor’s Client Service Centre will run working groups with the suppliers, where suppliers can be updated on the Contractor’s invoice processes and also where suppliers can put forwards the challenges that they face and provide feedback on process improvements. The Contractor Accounts Payable Supplier leaflet will be shared with suppliers so that they understand the Contractor’s AP processes and responsibilities of the Customer, the Contractor and themselves. The Customer will respond to queries regarding receipts within 2 working days.

The contractor will support and comply with the Customer’s “No PO, No Pay” policies.

**2.1.2.3 eCommerce opportunities**

Where the Customer receives the Contractor’s Financial Services then the Contractor will supply an e- Invoicing solution. The Contractor will work with suppliers to advise them on using the e-Invoicing solution.

**2.1.2.4 non-contracted purchase requirements**

For items which are not available via the Contractor’s Catalogue and where the Contractor has confirmed that there is no existing contract available, the Contractor will make an assessment to establish the correct sourcing route for the item. This assessment will consider any of the Customer’s Strategic or Local Contract work-plans as there may be an imminent contract award which would cover the requirements. Where this is not the case, the historical and future spend will be assessed to identify what type of procurement exercise is required, in line with PCR 2015, New Procurement Act 2023, and the Customer specific SFI policies. The Customer must provide all relevant specification, drawings and data to undertake the appropriate procurement exercise.

**2.1.2.5 Quotations / Tenders**

For individual items, the Requisition can be placed and approved by the Customer, and the

Contractor’s Operational Procurement Team will then advise as appropriate the procurement process required. The Contractor will review the request first to establish if there is a contracted source available before going to the market with the detailed specification, in line with customer standing financial instructions, which may require a quotation or tender.

Where Quotations are required, the Contractor’s Operational Procurement Team will establish the specification with the Customer, review the known suppliers within the spend area, contact relevant suppliers to provide quotations for the products/services required, in line with the Customers SFI’s.

Where a Tender process needs to be undertaken, the Contractor will liaise with the Customer to ensure an effective engagement with key the Customer stakeholders, to agree the specification for the item, review the market and deliver a procurement result.

The Customer will notify the Contractor in advance of any waivers and local contracts already in place.

**2.1.2.6 End user compliance**

The outcome of the Contractor’s procurement process will be mandatory upon the Customer and will be proactively supported by the Customer when enquired.

**2.1.2.7 Data pool of supplier information**

The Contractor’s catalogue solution accesses a master data pool of supplier information.

**2.1.2.8 Workflow Approval**

The Contractor’s catalogue management solution will provide workflow approval in line with the Customer’s hierarchy and SFI limits.

Each of the Customer’s users will be aligned to an Approver within the Contractor’s financial system, and they will be assigned financial limits as appropriate to their role. This will be the default approval route.

The Contractor can assign multiple approvers to a Customers User where this is appropriate; to ensure the correct financial coding is maintained at source.

The Customer’s approvers will receive an automatic email notification advising a requisition is awaiting approval; they will then log in to the Contractor’s Procurement system and action the requisition.

**2.1.3 Use of eProcurement solution**

**2.1.3.1 Workflow Approval**

The Contractor’s Procurement solution will allow additional levels of approval where this is required by using eClass codes. When the Customer raises a requisition against the identified eClass code, the requisition is directed to the Customers additional Approver for review, prior to the standard approval workflow activity. Once agreed by the Customer’s additional Approver, the requisition follows the standard approval workflow. Setup of additional approvals will be maintained on behalf of the Customer by the Contractor’s Operational Procurement Team following agreement.

**2.1.3.2 Contract register**

The Contractor’s catalogue management solution will include a contract register area, which allows for recording of local contract references, supplier details, start/end dates, uploaded documents, additional information at header level. The Contract Register can also include line level item details, and this can be loaded against the Header level detail and then linked to Catalogue items where this is appropriate.

**2.1.3.3 Visibility of PO delivery to suppliers**

The Contractor’s system will transmit Purchase Orders to the Suppliers

**2.1.3.4 Spend data collection and validation process.**

The Contractor will collect spend data from the Customer ‘s data feeds within the Contractor’s Accounts Payable and Purchase Order information.

This is supplemented by Supplier information relating to the purchase of contracted items against the

Contractor’s contracts. This data will be uploaded into the Contractor’s data warehouse, The Contractor will map the Customer’s data against the Contractor’s data pool to verify or correct the product detail. The Contractor will then analyse the data to assess potential procurement cost saving. Once the sourcing route is confirmed, the Contractor’s Operational Procurement team will review and process the requisition into a Purchase Order for dispatch to the supplier.

**2.1.3.5 Raising non-catalogued requisitions.**

The Customer is required to requisition goods and/or services that do not form part of a catalogue, the Customer can submit a non-catalogue requisition to the Contractor. The Customer will be required to enter all the details of the item they wish to buy into the Contractor’s ‘free text’ requisition template.

The non-catalogue request template will be accessed from the Contractor’s Procurement system. The Customer will enter all information required as detailed below:

* Item type – e.g. Goods or Services
* Category - This will be based on the 3 Alpha NHS e-Class code and drives the subjective part of the account code.
* Item description - Free text field – this will appear on the Purchase Order to the supplier.
* Unit of measure (UOM) – (For Goods only) A list of values will be available for the requester to select the appropriate UOM.
* Quantity
* Currency
* Unit price

Supplier Details – As standard, a list of values for the requestor to select from active suppliers, requiring requestors to follow customer supplier set up processes before entering requisitions (Supplier must typically be set up in advance of any non-catalogue request in line with customer No PO, No pay policies and SFIs)

Once all the above fields have been populated, the Customer can add the item to their shopping cart.

Once all required items are in the shopping cart, the standard checkout process is followed. Following requisition approval by the Customers authorised approver, the requisition will be assigned to the Contractor’s Operational Procurement Team who will monitor products requisitioned via non catalogue.

The Operational Procurement Team will be responsible for ensuring that purchases are compliant with the Customer’s SFI’s, and therefore they will review all non-catalogue expenditure to ensure that appropriate sourcing controls are in place. At all times the Customer’s requisitioner will be kept informed of the progress, and the average turnaround of requisitions into purchase order is 2 days.

Once the sourcing route is confirmed, the Contractor’s Operational Procurement team will review and process the requisition into a Purchase Order for dispatch to the supplier.

* As part of the emergency ordering process, at least 1 superuser per customer organisation will have access to raise Purchase Orders directly on the P2P system.

**2.1.3.6 Requisition approvals**

The Contractor’s Procurement system will not allow the Customer’s authorised approvers to approve their own requisition.

As default the requisition will always be sent to the requester’s supervisor as set within the Hierarchy of the Contractor’s Financial System. The Contractor’s financial system can be configured to decide how many levels of approval are required.

The Customer’s requisitioner can change the managerial approver on the Contractor’s system or add additional approvers if required providing this has been pre-set within the users’ hierarchy profile. The ability to change the approver can be restricted at responsibility level.

To approve the requisition, the Customer’s approver must log into the Contractor’s Procurement system and open the notification. The approver will then be able to view all requisition and billing details from within the notification.

Actions will then be available to the Customers Approver as detailed below:

* Approve
* Approve and Forward
* Forward
* Reject
* Reassign
* Request Further Information

In most cases, only approve or reject will be used. If the requisition is rejected the Customer’s approver can add notes to the requisition advising the requisitioner of the rejection reason.

If amendment of the requisition detail is required, the requisitioner can make the necessary changes and resubmit for approval. (If the requisition is not required the requisitioner can delete the requisition).

**2.1.3.7 Procurement data analysis**

The Customer’s expenditure data will be input into the Contractor’s spend analysis system and classified to e-class level 3. From there the expenditure will be classified into influenceable areas such as PFI, maintenance and service agreements, staff costs to give examples (these factors will be in line with the reporting requirements of organisations such as Monitor).

**2.1.3.8** The Contractor’s key systems which will support the procurement activity The Contractor will use the following systems to deliver the service:

* A P2P EBusiness Suite
* A Business Intelligence system

The Contractor’s P2P system should have functionality to allow for integration with future 3rd party contract management solutions.

**2.1.3.9** Management of data / transactions between NHS Supply Chain and the Finance system PO Transmission

Purchase Orders created for NHS Supply Chain are interfaced directly into Resus via a csv program. The PO data is converted into .csv format and uploaded into an interface hub. Once uploaded, NHS Supply Chain processes that data directly into Resus.

The file sent to Resus will include the following information:

* PO number
* PO Line Number
* Requisition point,
* Quantity
* Price
* Total PO line Amount
* Requisitioner
* Charge Account

**2.1.3.10 NHS Supply Chain Catalogue**

The NHS Supply Chain catalogue can be accessed via the Contractor catalogue solution, which should be updated on daily Supply Chain refresh.

The resulting Purchase Order is routed through to NHS Supply Chain through the interface described above.

**2.1.3.11 Invoicing**

Currently NHS Supply Chain does not provide PO Level invoices. A consolidated invoice is sent to the Contractor and processed as non-PO invoice.

To prevent duplicate accounting entries through receipting, a system program sets the status of all NHS Supply Chain purchase orders to ‘Finally Closed’ as part of the month end activities. NHS Supply Chain submits a monthly GL feed to the contractor, which is auto processed.

The charge account information sent on the billing file is driven from the information sent on the PO Extract file as detailed above.

The Contractor is currently working alongside NHS Supply Chain to improve this solution and allow 3way match of certain invoices.

NHS Supply Chain catalogue is loaded into a catalogue solution and can be accessed via the same route as all other catalogues through transparent punchout. This is the optimum solution as it enables price comparison within the procurement department and linking to contracts and national frameworks. If required, the NHSSC catalogue can be loaded directly into the catalogue area.

In addition, we can also facilitate the double punchout where the end user.

**2.2 (B) On site Procurement Team**

The Contractor’s on-site procurement team will be responsible for delivering the Customer’s local procurement activity. The activities carried out by the Contractor’s on-site team will include:

* Overall management of the procurement function at Customer (local stakeholder engagement) level;
* Local tendering and contracting where this is not part of the wider Contractor’s Strategic Sourcing work plan programme;
* Delivery of the local procurement work plan
* Assist the Customer’s implementation and uptake of the Contractor’s strategic sourcing contracts, as well as supporting the Customer in its drive to improve compliance and contract coverage;
* Stakeholder engagement and Divisional / Departmental liaison including the development of key clinical links;
* Professional procurement advice and support to the Customer;
* Liaison with the Contractor’s Operational Procurement Team where necessary
* Management and provision of Materials Management service

**2.2.1 Engagement of the Customers Organisations Key Corporate and Commercial Stakeholders**

Day to Day engagement with the Customer’s commercial and corporate stakeholders will take place with and via the Contractor’s on-site team. The Contractor’s on-site team will promote and influence procurement behaviors and activities of the Customer.

The Contractor’s on-site team will liaise with the Customer’s stakeholders regarding local work plan projects/ general procurement enquiries as well as liaising with Customer executive stakeholders as appropriate.

The Customer will establish a Procurement steering group consisting of senior executives of the Customer and representatives of the Contractor. The board will meet at least on a monthly basis. The Contractor will manage the administration of the steering group meetings.

**2.2.2 Exclusivity of Spend and access to all areas of spend**

On commencement of the service the Customer will use all of the contracts in the Contractor’s contracts portfolio.

The Customer will grant the Contractor exclusive control for specific areas of the Customer’s influenceable non pay spend and will ensure that all categories of the Customer’s non pay spend are accessible to the Contractor.

**2.2.3 Procurement data analysis**

The Customer’s expenditure data will be input into the Contractor’s spend analysis system and classified to e-class level 3. From there the expenditure will be classified into influenceable areas such as PFI, maintenance and service agreements, staff costs to give examples (these factors will be in line with the reporting requirements of organisations such as Monitor).

**2.2.4 Engagement and support in conducting a procurement process**

The Contractor will take the lead in all collaborative projects to be delivered for the Customer and will ensure at all times that legislative compliance is maintained, projects comply with Governmental initiatives (if appropriate) and that the commercial processes are appropriate for the requirements of the Customer.

**2.2.5 Identifying costs and efficiency savings**

The Contractor will work with the Customer’s Directorates to understand their short and long term strategies, together with defining roles and responsibilities of how the Contractor’s procurement team will engage with these areas to determine innovative areas of spend/projects, collaborative opportunities.

**2.2.6 Work plans**

The Contractor will work with the Customer to produce a rolling work plan on two levels;-

* Local work plan
* Collaborative Work Plan (Strategic Sourcing)

**Local Work Plan**

* The Local Work Plan will be developed by the Contractor.
* Customer stakeholders will engage with the Contractor’s onsite team and will agree a project plan for each project.
* All areas of Customer spend will be used to develop the work plan.
* The Contractor will carry out the procurement activity described in the work plan.
* The contracts issued under the local work plan will include NCIS (NHS Contracting Income Stream).
* The parties will carry out their respective obligations contained in the work plan.
* The Customer will mandate the use of the contracts issued under the work plan.
* The Contractor will load completed contracts on to the catalogue system.

**2.2.7 Responsibilities for delivering the work programme**

* The Contractor will engage with the Customer’s stakeholders to seek input to project specifications and evaluation criteria. The Customer will provide resources to evaluate suppliers responses and provide an Executive sponsorship to oversee the programme.
* All areas of Customer spend will be used to develop the work plan on an exclusive basis.
* The contracts issued under the local work plan will include NCIS (NHS Contracting Income Stream) and be open for access by all the Contractors Customers, unless agreed not relevant to other Contractor’s Customers.
* The Customer will mandate the use of the contracts issued under the work plan.

**2.2.8 Gaps in contract coverage The Contractor will:-**

* Analyse the current expenditure of the Customer by NHS eClass.
* Make comparison against those contracts managed by the Contractor.
* Agree the inclusion of missing contracts in the work plan with the Customer, on the basis of maximum opportunity where the Contractor’s contract portfolio does not include a contract for the supply of goods regularly purchased by the Customer.

**2.2.9 Improvements and value for money in the performance of procurement**

The Contractor will provide a Capability Maturity and Situational Assessment tool (CMSA).

The tool will aid the Customer to determine the capabilities of its organisation and its procurement capability across a number of critical attributes and how close they are in meeting those standards.

| **Contractor Responsibilities** | **Customer Responsibilities** |
| --- | --- |
| * The Contractor will manage the liaison with strategic sourcing, spend analytics and cataloguing teams | * The Customer will give executive support to the delivery of the objectives through the agreed governance structure |
| * The Contractor will manage communications with Customer stakeholders and bidders | * The Customer will provide appropriate executive contact and engagement for account relationship management |
| * The Contractor will report on project progress against all project plans in the work plan. | * The Customer will facilitate engagement with the Contractor to support and direct contract development and compliance |
| * The Contractor will manage a procurement risk register | * The Customer will provide engagement with internal departments and functions to contribute to agreeing areas for contracting within the work plan |
| * The Contractor will work with Customer stakeholders and suppliers to develop outcome based service specifications, or utilise the Contractor’s library of specifications | * The Customer will provide designated Customer leads for each project and procurement area with Customer to address actions, risks and issues |
| * The Contractor will provide procurement templates for all projects | * The Customer will appoint a representative or representatives to attend and support key stakeholder forums and workshops and to give the representative(s) Customer to commit the Customer to collective decision making |
| * The Contractor will provide advice and guidance to the specification to define improvements in quality | * The Customer will to support the Contractor in addressing key procurement performance indicators to support the extension of purchase order coverage, contract compliance and improve data quality |
| * The Contractor will secure best placed providers and suppliers in accordance with EU regulations and using the Principles and Rules for Cooperation and Competition; | * The Parties will work together to jointly drive uptake and implementation of the portfolio of contracts and frameworks |

**2.3 (C) – Access to Contracts**

The Contractor will provide the Customer with access to the Contractor’s full range of available contracts as well as the opportunity to influence and access the Contractor’s current procurement work plan projects wherever possible.

**2.3.1 Catalogue Management**

The Contractor will provide a Catalogue Management System which will enable the Customer to select appropriate goods to make requisitions as required. The catalogue will be managed by the Contractor on behalf of the Customer.

The catalogue system will provide access to a range of the Contractor’s strategic contracts and framework agreements to the Customer. For each of the Contractor’s agreements the item level information will be managed by the Contractor to ensure that valid data and prices are published at contract award and will be maintained by the Contractor throughout the duration of the contract.

Catalogue Management System will allow suppliers to upload their catalogues to provide line level information and will allow suppliers to add additional fields, for example: images and lead times.

The system will allow other contract information to be loaded from multiple sources and will be accessed in exactly the same way, for example any of the Contractor’s local agreements.

All of the supplier contracts will be validated and loaded by the Contractor onto its Catalogue Management System centrally and will then be shared with each of the Customers’ end users. Where authorised by the Contractor the suppliers can also access the portal via their own Catalogue Management account, and load Master Catalogue data into this central repository, which is then visible to the Customer.

The Contractor will update these catalogues when required, and an audit trail of changes is available within the solution Catalogue audit trail. All activity will be held online on the Contractor’s Catalogue Management portal for a period of 3 months to provide any initial query resolution.

The Contractor’s Catalogue Management System will also ensure that all catalogue related data is archived each month.

This data can be enhanced and enriched by the inclusion of additional information such as: images, lead times, GS1 coding and e-class, all of which helps to standardise the information used throughout the NHS, and be maintained at the appropriate source level by those that know the products best.

**2.3.2 Contract register**

The Contractor’s Catalogue Management solution will include a contract register area, which allows for recording of local contract references, supplier details, start/end dates, uploaded documents and additional information at header level.

The Contract Register can also include line level item details, and this can be loaded against the Header level detail and then linked to Catalogue items where this is appropriate.

**2.3.3 Spend data collection and validation process**.

The Contractor will collect spend data from the Customer ‘s data feeds within the Contractor’s Accounts Payable and Purchase Order information.

This is supplemented by Supplier information relating to the purchase of contracted items against the Contractor’s contracts.

This data will be uploaded into the Contractor’s data warehouse, The Contractor will map the Customer’s data against the Contractor’s data pool to verify or correct the product detail. The Contractor will then analyse the data to assess potential procurement cost saving.

**2.3.4 Savings delivery**

The Contractor will monitor the Customer’s expenditure that is spent through the Contractor’s Strategic Sourcing (project (Below Threshold, Catalogues, and RFQ’s) contract portfolio as part of how it identifies new framework and savings opportunities for the Customer.

In relation to savings delivery the Customer will carry out the following:

* The Customer will provide a defined level of commitment and engagement from senior Customer executives, procurement leads and key clinicians / corporate leads to develop, deliver and implement determined procurement approaches and formulary.
* It is essential that the programme has Executive Sponsorship and is driven from the top down with input and sign off at key stages at an Executive level. However, in order to ensure benefits are realised without compromising patient care and quality, it is essential that the appropriate specialist input is secured and mandated for each project.
* The Customer commits to formulate standard project specifications in relation to services / products.
* The Customer will recognise and effectively implement and drive uptake of contracts to recognise all the savings and efficiencies highlighted.
* Where committed to using a specific contract, the Strategic Sourcing procurement process (not the product or service) will be mandatory on the Customer and the Customer must abide by the results of the process?
* When a project’s focus is on supply optimisation, the Customer stakeholder group must drive the standardisation and rationalisation of product ranges within the Customer Trust, in order to drive supply optimisation or engage the Contractor to run a Bespoke Project to do this on the Customer’s behalf.
* The Customer will not undertake its own procurement activity outside of the project for the duration of that project.
* Customer compliance and adherence to reasonable project timelines being absolutely critical to ensure project delivery and actual saving generation.
* The Customer must not accept interim / spot pricing offers or discounts from suppliers during a procurement exercise without the agreement of the Contractor.
* The Customer will deliver volume commitment were engaging in such commitment programmes of work

**2.3.5 Engagement with suppliers**

As part of the Strategic Sourcing processes, the Contractor where appropriate will undertake a supplier market analysis on key suppliers as agreed between parties.

The Contractor will include cost improvement and/or process improvement clauses in the contracts that it negotiates with the suppliers of the Customer.

The Contractor will undertake a Strategic Supplier Management programme which optimises contract pricing throughout the life of the framework agreement for its customers.

**2.3.6 Identifying costs and efficiency savings**.

The Strategic Sourcing team will also work with the Customer to identify cost and efficiency opportunities.

The work plan structure will be as follows:

* Contracts of significant impact financially or in terms of criticality
* Collaborative commitment opportunities. Strategic Sourcing will seek to link expenditure with similar Customers to obtain commercial advantage.
* Collaborative frameworks. The Strategic Sourcing team will work with the Customer and the Contractor’s other Customers to identify the next range of collaborative frameworks to be launched

**2.3.7 Gaps in contract coverage**

**2.3.7.1 New areas / opportunities / framework contracts identified.**

The Contractor’s Strategic Sourcing team will liaise with the Customer to identify new areas/opportunities/framework contracts.

This will include an analysis of the expenditure data to identify.

* Contract gaps in terms of expenditure versus the contract portfolio.
* Assess contract gaps in line with category strategies.
* Opportunity for commitment contracting.
* Opportunity for collaborative commitment contracting.
* Opportunity for new frameworks or commitment contracts
* Contract/supplier/product switching/rationalisation opportunities.
* The Customer will inform the Contractor of any forthcoming projects where procurement may be required.

The Contractor will liaise with the stakeholders (e.g. Finance, Clinical and Non-Clinical) to prioritise the requirements of the Customer.

The Contractor will work with stakeholder groups through specifically created clinical networks.

The Contractor will engage with suppliers to understand their business drivers, research and development, administrative, sales and profit levels. These initiatives will be built into the Strategic Sourcing Work Plan.

**2.3.8 Supplier side intelligence**

The Contractor will receive data feeds from the Customer’s contracted suppliers. This data will be used to identify opportunities for improved cost benefits for the Customer.

Aggregated Expenditure data of all the Clients of the Contractor and Customer data will be merged by the Contractor to enable the Contractor to calculate the level of compliant expenditure and uptake against each of the contracts in the portfolio.

Consideration will also be given by the Contractor to: -

* Market competition
* Supplier bargaining power.
* Customer/NHS bargaining power
* Barriers to entry availability of suitable substitute/alternative products

Market intelligence will also be obtained by the Contractor through working with the Department of Health.

The Contractor will supply an innovation portal for suppliers to submit any cost saving initiatives they have identified which will be appropriate to the Customer.

**2.3.9 Improvements and value for money in the performance of procurement**

In addition to this the Contractor is accredited by the Chartered Institute of Purchasing & Supply (CIPS), the professional body for procurement professionals. As a result, any procurement services provided by the Contractor to the Customer will also be accredited, representing a very time cost effective way for the Customer to demonstrate compliance to the current DH strategy and standards.

**2.4 (D) Systems Licenses**

2.4.1 The Contractor’s key systems which will support the procurement activity The Contractor will use the following systems to deliver the service: -

* P2P eProcurement system, which will include a web-based catalogue solution to enable the creation of purchase orders electronically and optionally transmit purchase orders as XML via an exchange service.
* A “below threshold” request for quote (RFQ) system
* An E-Business Suite and Business Intelligence reporting module
* An E-invoicing solution if not currently provided within the eProcurement or Exchange system that automates contractor invoice processing.

| **Contractor Responsibilities** | **Customer Responsibilities** |
| --- | --- |
| * The Contractor will allocate one Catalogue license to the Customer. | * The Customer must advise the Contractor on the required number of licences required throughout the contract period. |
| * The Contractor will allocate one Exchange license to the Customer. | * The Customer will pay for any additional licences over and above the initial requirement defined in the contract. |

**2.5 (F) Spend Analytics**

**2.5.1 Procurement data analysis**

The Contractor will present savings opportunities to the Customer on a like for like products basis, as well as opportunities through switching products and/or suppliers. This process will identify any off contract spend or problem spend areas that can be addressed. The Contractor will provide one data quality report per annum.

| **Contractor Responsibilities** | **Customer Responsibilities** |
| --- | --- |
| * The Contractor will review data and provide a summary report of potential savings opportunities supporting the production of an informed Customer specific procurement work plan. | * The Customer will provide both AP and PO spend data to the Contractor to support analysis for collaborative and bespoke contracting and identification of Customer specific opportunities. |
| * The Contractor will produce an annual Data Quality report to assist the Customer in continuous data improvement which will enable better contracting and savings achievement. |  |

**2.6 (G) Resource Days for Bespoke Project Delivery**

The Contractor will provide specialist resources to the Customer as listed and agreed in the final contract schedule to deliver bespoke projects. For the avoidance of doubt, the Contractor may provide additional specialist resources at the Customer’s request, which will be subject to a standard rate.

Business areas included but not limited to the Customer, for using resource days:

* Strategic non-healthcare procurement support Design and delivery of bespoke contract procurement
* Design and delivery of mini competition process to award a contract (via framework)
* Bespoke market analysis and opportunity assessment to support planning.
* Development of a local work plan using available data, external market analysis and specialist category knowledge
* Commissioning project work
* Health market analysis and market engagement to support service re-design and service prioritisation.
* Public and patient engagement activities
* Finance and commercial expertise for service / procurement planning.
* NHS Contracts support for drafting, advice and negotiation
* Clinical support for key stages of commissioning change projects
* Development of service specific procurement strategy
* Development of tender documentation
* Management of the procurement process from advert through to contract award
* Project management of the service mobilisation phase
* Delivery of specialist healthcare procurement and contracting training
* Development of procurement policies and procurement work plans
* Capital scheme project work.
* Estimating service to support planning
* End to end planning, ordering, expediting, commissioning of equipment service
* VAT advice
* Lease advisory and options appraisal for best value equipping.
* Stakeholder engagement strategies to drive change, implement opportunities and secure savings.
* Supplier management to tackle specific Customer challenges.
* Clinical advice including but not limited to service design/re-design, product, pathway and consumable supply. Procurement / commercial diagnostics including but not limited to: A Capability Maturity and Situational Assessment Report (CMSA). The tool will aid the Customer to determine the capabilities of its organisation and its procurement capability across a number of critical attributes and how close they are in meeting those standards.
* Customer contracting and spend analysis to develop bespoke work plans. including but not limited to:
* Cash and / or cost avoidance savings opportunities.
* Contract gaps in terms of expenditure versus the contract portfolio.
* Assess contract gaps in line with category strategies.
* Opportunity for commitment contracting.
* Opportunity for collaborative commitment contracting.
* Opportunity for new frameworks or commitment contracts
* Contract/supplier/product switching/rationalisation opportunities.
* Mobilisation and implementation of new contracts on behalf of Customer

The Contractor will provide an estimate of the number of project days required for each project.

| **Contractor Responsibilities** | **Customer Responsibilities** |
| --- | --- |
| * The Contractor will provide specialist resource to the Customer up to and including the number of resource days listed in [schedule 1] to work on Customer projects. | * The Customer will provide sufficient information to the Contractor pertaining to the work to be completed to allow an accurate scoping exercise to be completed by the Contractor and signed by Customer. |
| * The Contractor may provide specialist resource to the Customer exceeding the number of days listed in [schedule 1] at the request of the Customer, these days will be subject to a standard day rate. |  |

**2.7 (H) Materials Management**

**2.7.1 Inventory Management**

The Contractor will work with the Customer support the integration of existing and future Inventory Management System (IMS) and Scan4Safety (S4S) systems into relevant P2P and Catalogue systems.

**2.8 (I) Transformation and Consultancy**

The Contractor will provide specialist Resource to the Customer to provide transformation change programmes and consultancy, including but not limited to the following areas which support the procurement and supply chain cycles for clinical and non-clinical service areas:

Strategic procurement advisory to support national changes in NHS landscape.

* Development and programme management of e-procurement transformation
* Development and programme management of Trust Cost Improvement Plans
* Development and programme management of CCG financial sustainability
* Lean process transformation
* Bid advisory support for NHS Providers

**Contractor vs. Customer Responsibilities**

| * **Contractor Responsibilities** | * **Customer Responsibilities** |
| --- | --- |
| * The Contractor will be responsible for the operation of the e-procurement service delivery as agreed within migration strategy parameters | * The Customer will ensure that all end user requisitioners procure items from the catalogues where available with a target of 80% from catalogue within 24 months of service commencement |
| * The Contractor will raise purchase orders (on behalf of the Customer, in the Customer’s name) against submitted requisitions in line with Customer SFIs and Standing Orders | * The Customer will not raise a PO other than as provided for in this contract, subject to national measures |
| * The Contractor will purchase (on behalf of the Customer, in the Customers name) requisitioned goods and/ or services against local, regional or national contracts where they are in place and present a best value option to the Customer | * The Customer will ensure and mandate in conjunction with the Contractor the following: • 95% of purchase order coverage • of which no greater than 3% will be retrospective orders • 90% contract compliance • A “no PO, no invoice” policy |
| * The Contractor will ensure that it has obtained budget manager approval for any Contractor buyer interventions | * The Customer will train all end users of the service prior to go live |
| * The Contractor will not change the product type supplied without approval from the Customer | * The Customer will ensure that all submitted requisitions follow Customer SFIs and include VAT coding |
| * The Contractor will report savings made through this process to the Customer in a monthly report | * The Customer will ensure user responsibilities, approval limits and approval hierarchies are established, maintained and communicated on an on-going basis and will resolve all queries and Trust related notifications |
| * The Contractor will process approved requisitions in accordance with the Procurement KPI reference CPS05 | * The Customer will ensure that all end user requisitioners procure items from the catalogues where these are available, and will promote the use of contracted items in line with the Customers SFI’s |
| * The Contractor will be responsible for setting up new suppliers where required by establishing the correct information, completing setup forms and submitting to the Customer Finance team for approval | * The Customer will ensure all appropriate information is placed on the electronic requisition and all supporting evidence is attached |
| * The Contractor will operate high level monitoring of purchase order behaviour and, if inappropriate activity is detected (e.g. fragmentation of POs to circumvent OJEU rules) the Contractor will inform the Customer | * The Customer will ensure user responsibilities, approval limits and approval hierarchies are established, maintained and communicated on an on-going basis, including the removal of the Customers staff when they leave the organisation |
| * The Contractor will be responsible for creating and maintaining electronic catalogues for any expenditure as agreed by the parties within the migration strategy | * The Customer will communicate changes of the above to the Contractor within one week |
| * The Contractor will ensure all catalogue pricing is valid and up to date, and aligned with appropriate contracts where available | * The Customer agrees to the Contractor purchasing, in the Customer’s name, requisitioned goods and services against existing local, regional or national contracts where they are in place and present a best value option to the Customer |
| * The Contractor will be responsible for the agreed eClass codes being applied within the catalogue | * The Customer agrees to make the Contractor the provider of first choice for the provision of commercial contracts |
| * The Contractor will be responsible for ensuring integration between procurement solutions such that catalogue items are visible to the Requistioner | * The Customer will be responsible for agreeing the correct category codes within the approved template |
| * The Contractor will receive, log and respond to supplier queries using one of the following channels of communication: telephone, letter, e-mail | * The Customer will ensure correct approvers are set up within workflow and ensure that workflows are redirected if approvers are on annual leave |
| * The Contractor will receive, log and respond to Customer queries using one of the following channels of communication: telephone, letter, e-mail | * The Customer will ensure that, upon receipt of goods, requisitions are to be receipted in the eprocurement system immediately |
| * The Contractor will in relation to queries where a purchase order is not on the system ensure that the logged call is fully resolved before the call is closed | * The Customer will promptly action notifications as and when received |
| * The Contractor will promptly review non-compliant requisitions and respond to the originator with appropriate request for further information | * The Customer will ensure that it’s SFIs allow the use of the Contractor’s electronic or automated processing |
| * The Contractor will in the event that a PO is being queried and requires action by the Customer, the Contractor will supply Customer/ Contractor contact details to the supplier | * The Customer will pay the supplier on time unless it has a valid dispute |
| * The Contractor will resolve supplier and Customer queries in a timely manner. (Within 48 hrs.) | * The Customer will provide sufficient information to log a query (as a minimum: requisition number, purchase order number (if PO raised), supplier name, name of requestor, requestor contact details) |
| * The Contractor will undertake operational service phone calls to Customer nominated representative to discuss any issues | * The Customer will pursue queries in a timely manner |
| * The Contractor will where the Customer informs the Contractor that the supplier has delivered incorrect supply/quantities, the Contractor will contact the supplier and advise/ arrange collection/ delivery | * The Customer will take necessary action as required by the Contractor to enable resolution of supplier queries |
| * The Contractor will review the existing Contractor’s portfolio to determine if there is an appropriate contract already in place | * The Customer will make available suitable staff to resolve Customer queries |
| * The Contractor will as appropriate for the value of the procurement, execute the Contractor’s Strategic Sourcing Methodology for each project (Below Threshold, Catalogues, and RFQ’s) which may include, but not limited to, the steps listed below | * The Customer will advise all suppliers to communicate directly with the Contractor in the first instance with regard to Purchase order queries |
| * The Contractor will manage a quotation system where a best value contract is not already in place ensuring that the requisite number of quotations in line with Customer SFIs are received prior to the creation of a Purchase Order | * The Customer will advise Suppliers to utilise dedicated e-mail or telephone enquiry capability for routine queries |
| * The Contractor may manage a tender process where a best value contract is not already in place and the order exceeds the Customer tender threshold, if instructed by the Customer | * The Customer will ensure nominated representative attends telephone meetings at the time agreed between the Parties |
| * The Contractor will operate a pre-qualification process where appropriate to assess the financial and legal standing of potential suppliers | * The Customer will adhere to the agreed procurement process |
| * The Contractor will where appropriate, liaise with the Customer to provide the Customer with information on trials and evaluations of products prior to award | * The Customer will inform the Contractor of the procurement requirements contained within its SFIs to include but not limited to, authority levels, number of quotations required and the tender threshold(s) |
| * The Contractor will manage a process to allow waivers to be accepted in line with SFIs not exceeding prevailing legal thresholds | * The Customer will provide the Contractor with written authority, giving it the right to request information regarding Customer expenditure from third parties including Suppliers, agencies and the NHS Supply Chain without limitation |
| * The Contractor will use its programme management and reporting solution to deliver the local projects | * The Customer will work with the Contractor to determine the specification for and selection of goods and services to be purchased and then to sign off the specification |
| * The Contractor will determine the appropriate Contractor resource to deliver its services | * The Customer will ensure appropriate stakeholders are |

* **Key Performance Indicators – P2P Tender**

**Note: These are example KPIs and the complete lists of KPIs would be extensively discussed with the successful bidder at the formalisation of contract stage.**

**1. Invoice Processing (AP)**

**KPI Objective**: Ensure timely and accurate processing of supplier invoices.

* **Measurement Criteria**:
* 95% of valid invoices to be processed and approved within **5 working days** of receipt.
* 100% of invoices to be matched against corresponding purchase orders and goods receipts where applicable.
* **Monitoring & Reporting**:
* Monthly performance reports to include invoice volumes, processing times, exceptions, and resolution rates.
* **Remedial Action**:
* Failure to meet this KPI for two consecutive months may trigger a performance review and corrective action plan.

**Service Credit & Penalty Clauses:**

* A service credit of £250 will be applied for each calendar month where this KPI is not met.
* **Cap**: Total credits capped at **£1,000 per quarter**.

**2. Invoice Processing (AR) / Treasury / Financial Accounts**

**A. Invoice Generation and Accuracy**

**Objective: Ensure timely and accurate billing of customers.**

* **Measurement Criteria:**
* 98% of customer invoices issued within 2 working days of transaction or service completion.
* 100% of invoices free from material errors.

Monitoring & Reporting: Monthly AR reports including billing volumes, error rates, and corrections.

Service Credit Example: £150 per month if performance falls below threshold.

**B. Collections and Cash Application**

**Objective: Maximise timely collection of receivables and accurate allocation of payments.**

* **Measurement Criteria:**
* 95% of incoming payments applied to customer accounts within 2 working days of receipt.
* 90% of total receivables collected within 30 days of invoice date (or agreed credit terms).

Monitoring & Reporting: Aged debtor reports and collection performance analysis.

Service Credit Example: £250 per month if collection targets not met.

**C. Debt Management and Dispute Resolution**

**Objective: Ensure effective management of overdue debt and customer disputes.**

* **Measurement Criteria:**
* <5% of total debt more than 60 days overdue.
* 95% of disputes acknowledged within 1 working day, resolved within 10 working days.

Monitoring & Reporting: Monthly aged debt analysis, dispute log tracking.

**D. Bad Debt Provision and Write-Off Control**

**Objective: Maintain low levels of bad debt through robust credit control.**

* **Measurement Criteria:**
* Bad debt write-offs to remain below 0.5% of annual billed revenue.
* Quarterly review of doubtful debt provisions with Finance lead approval.

**3. Purchase Order (PO) Processing**

**KPI Objective**: Ensure efficient and compliant generation of purchase orders.

* **Measurement Criteria**:
* 98% of requisitions to be converted into approved purchase orders within **2 working days** of submission.
* 100% of POs to include correct coding, supplier details, and pricing in line with agreed catalogues or contracts.
* **Monitoring & Reporting**:
* Weekly dashboards to track PO turnaround times, error rates, and compliance with procurement policy.
* **Remedial Action**:
* Repeated failure to meet PO processing targets may result in escalation to contract management and potential service credits.
* A **service credit of £150** will be applied per breach incident, up to a maximum of **£600 per month**.
* **Exemptions**: Delays caused by Authority-side approvals or system outages will be excluded.

**4. Interface Posting to General Ledger**

**KPI Objective**: Ensure timely and accurate financial integration between P2P system and General Ledger (GL).

* **Measurement Criteria**:
* 99% of system interfaces (e.g. invoice, PO, and payment data) to be posted to the GL within **24 working hours** of receipt.
* **Monitoring & Reporting**:
* Daily automated logs to confirm interface success rates and identify any failed or delayed postings.
* **Remedial Action**:
* Any breach of the 99% threshold for two consecutive weeks must be investigated and resolved within 48 hours, with a root cause analysis and recovery plan within 5 working days provided to the Authority.
* **Cap:** Penalties capped at £2,000 per month.

**Appendix A: Financial Services**

* 1. **Financial Services Volume Performance**

|  |  |
| --- | --- |
| Service | Contract Service Volume |
| AP | 60,000 |
| AR | 3,500 |
| TOTAL | **63,500** |

**2. Financial Services Service Volume**

|  |  |
| --- | --- |
| Service | Contract Service Volume |
| AP | 60,000 |
| AR | 3,500 |
| TOTAL | **63,500** |

**3. Financial Services Automation Performance**

|  |  |  |
| --- | --- | --- |
| Actual AP Transactions | AP Paperless Invoicing Target (%) | AP Paperless Invoicing Target (Transactions) |
| 63,500 |  |  |
| Actual Paperless |  |  |

**Appendix B: Procurement Services**

**1. Procurement Services Volume Performance annually**

|  |  |
| --- | --- |
| Service | Contract Service Volume |
| Purchase Order Lines - Manual | 14,265 |
| Purchase Order Lines - Catalogue | 20,717 |
| TOTAL | **34,982** |

**2. Procurement Services Service Volume annually**

|  |  |
| --- | --- |
| Service | Contract Service Volume |
| Purchase Order Lines - Manual | 14,265 |
| Purchase Order Lines - Catalogue | 20,717 |
| TOTAL | **34,982** |