

# The City of Liverpool College – Invoicing Action Plan May 2023

## Introduction

The City of Liverpool College has a Procurement Team whose primary function is to assist and support the college in attaining its overall goals of education while maintaining prudent procurement guidelines. The Procurement Team commits to excellence in serving the needs of our students, staff, visitors and community. To this end, the Procurement Team is committed to assisting the College community with the timely and cost-effective procurement of quality goods and services while complying with UK law in addition to the Financial Regulations of The City of Liverpool College.

## Processes & Review

Invoices are paid in accordance with due date when approval has been received from departments. The approval can be in the form of a Goods Received Note (GRNs) for invoices with purchase order numbers or via budget holder approval for non-order invoices such as exam fees or utilities. The Finance Team run system reports regularly and chase up approvals with the relevant personnel. Without the required approvals in place, invoices will not be processed even if it means terms are exceeded.

Through internal review, the College has identified areas for improvement in its financial processes, specifically our invoicing and payment processes. The College aims to pay 95% of invoices within 60 days of invoice, however within the last 6 months has paid 88% of invoices within this period.

The College generates a proposed payment list weekly on Thursdays for payment the following Monday. The date used to select items is the Sunday following payment date, this ensures the College uses it best endeavours to pay all suppliers on time or even slightly ahead of time. Where invoices do not meet payment terms this can be for a number of reasons including but not limited to:

- Approval from department not received.
- Invoice is incorrect and clarification and/or credit note required.
- Original invoice not received and when chased up by supplier the copy is forwarded with original invoice date.

In respect of the third bullet point, this means items can be outside of the agreed payment terms on arrival, which can be weeks, months or even occasionally years after. As payment reports are system generated these erroneous transactions can skew the % figures generated.

The College is a large organisation with multiple purchasers and receivers across different departments and cost codes. The Procurement Team has processes to minimise the delays caused by individual purchasers and receivers, however despite these interventions' delays can still occur.

Additional delays can arise when requests are submitted to suppliers without raising a purchase order, sometimes to providers who are not existing recognised suppliers to the College. Upon receipt of invoices in respect of such requests the Procurement Team have to arrange for the company to be added as a supplier which can only be done once certain criteria has been provided. This bypassing of approved systems results in delays to the invoice approval process, but such occasions are recorded as non compliance and reported to Human Resources.

## Improvement Plan

The Finance Team have made a number of changes to systems and communications to improve the percentage of invoices paid within 60 days.

The changes are in summary below:

- The College has invested in new OCR software which will make it easier to track non order invoices sent to budget holders for approval.
- The Accounts Payable Team are reviewing systems to see how it can be more proactive in chasing delivery confirmations for purchase order related invoices.
- There will be a roll out of training for College staff in all departments, to ensure that multiple employees can use Financial systems and crucially raise GRNs which will in turn minimise delayed invoice payments.
- All budget holders will receive refreshed training and information about critical dates, such as Financial Year End, as well as a reminder of the importance of timely GRNs.
- All new employees receive a Corporate Induction which includes Finance Awareness Training.

Whilst it is hoped that the above actions will make significant progress in reducing the number of payments not made within 60 days, it should be noted that there will still be some risk within the business for delays in GRN processing and delays in receiving invoices from businesses. Therefore, there will be quarterly reviews of this action plan and the improvements made, with updates provided to the Strategic Leadership Team each term by the Deputy Chief Executive. The first review will take place in September 2023. The process will be overseen by the Procurement Team and responsibility for reporting will sit with the Head of Finance.