TRUST POLICY FOR PURCHASE TO PAY PROCESSES

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IG/2016/006	V1		Final	James Mayne Scan4Safety Project Manager
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	V-1	22/08/16	Scan4Safety Team	Document Created

Intended Recipients: All staff groups

Training and Dissemination: All relevant staff to be trained and made aware in the new processes as part of the Scan4Safety roll-out

To be read in conjunction with: Agresso Self-Service User Guide (.pdf), HL-Hybris Contract Upload Instructions (.doc)

In consultation with and Date: Deputy Director of Finance, Head of Finance Systems, Head of Financial Services: July 2016

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Contact for Review	James Mayne Scan4Safety Project Manager
Executive Lead Signature	Executive Director Finance
Approving Executive Signature	Executive Director Finance

Purchase to Pay Policy and Processes

1. Introduction

This policy dictates the end to end activities for the Purchase to Pay policy, and information surrounding these activities, including:

1. Orders completed through hTrak and those completed manually

2. Orders completed for managed services, PFI services, agency staff, and any niche IT orders

3. All systems involved in these processes

4. The roles and responsibilities of each area of the Trust

5. The use of PEPPOL access points for ordering and invoices

6. The process for using the electronic catalogue in Healthlogistics and in Agresso.

All staff involved within the trust must adhere to this policy.

2. Purpose and Outcomes

This policy outlines the Purchase to Pay (P2P) process for Derby Teaching Hospitals NHS Foundation Trust. As a Scan4Safety demonstrator site, Phase One of the Department of Health's GS1 implementation plan requires that the Trust's existing P2P processes, systems, and baseline metrics are documented. Having reviewed these areas, this policy clearly documents the processes that should be followed by the Trust for all activities in the P2P process, including details of the systems involved in these processes.

3. Definitions Used

Trust Systems

System	Processes	Description
Agresso	All	Trust finance system used for the processing of payments. See Appendix 1 for Agresso Task Rules.
EDC	P2P – Manual Orders	NHS Supply Chain catalogue used by materials management for the top-up of supply chain products.
hTrak	P2P- hTrak	Trust inventory management system. Used to scan patient to product and for automatic requisition of goods.
eCat (Healthlogistics)	P2P – Manual Orders	Trust catalogue. End user can select catalogued items for purchase or file a non-catalogue purchase request.

	P2P- hTrak orders	
eConnect (Healthlogistics)	P2P – Manual Orders P2P- hTrak orders	EDI (Electronic Data Interchange)
Bank Staff	P2P - Agency	Booking/rostering tool for bank and agency staffed. Used by the Bank Staff team to book and schedule bank/agency staff.
MQ (MultiQuote)	eCat	Web-based, real-time pricing portal

Agresso

Agresso self-service is the web based functionality of the Financial and Procurement system, which has been used within the Trust since 1998. Requisitioning through self-service has replaced the majority of paper requisitions previously used in the Trust for the ordering of Non-Stock (non-Supply Chain) goods and services.

NHSSC (NHS Supply Chain)

Goods that are ordered through Logistics-on-line (Resus, RDC or Supply Chain, for example) are not made via Agresso. Currently orders should be placed through one of four routes, however two will be phased out with the Materials Management rollout.

hTrak

Healthlogistics' (HL) hTrak system is currently used for the Trust's inventory management in theatres. Patients and products should be scanned to provide full tracking and traceability and also allowing for the automatic ordering of stock based on consumption. In certain areas the Trust's P2P processes are driven by usage-based replenishment orders from hTrak.

PEPPOL

PEPPOL (Pan European Public Procurement Online) is a common messaging standard used to automate machine-to-machine purchase orders and invoice transactions between customers and suppliers through designated 'access points'. PEPPOL compliance has been mandated by the Department of Health and the Trust is required to adopt these standards as part of the Scan4Safety implementation programme. Using PEPPOL allows the Trust to incorporate GLNs (Global Location Numbers) and GTINs (Global Trade Information Numbers - including serial, batch, and lot numbers), and custom specification which will benefit product recall and inventory management.

Hea lth logistics' e -
Connect

The Trust currently uses the Healthlogistics' e-Connect solution as part of its purchase to pay activities – PEPPOL documents are translated and transferred via the eConnect gateway. This service enables the Trust (and suppliers) to become PEPPOL enabled. e-Connect interchanges orders and invoices directly with Agresso (finance and procurement system) and indirectly with hTrak (inventory management/procedure costing solution) where requisitions originate. Healthlogistics also provides detailed real-time monitoring of document transfer processes to ensure that Service Level Agreements are met.

The Trust has a PEPPOL Access Point which is capable of sending orders to and receiving invoices from suppliers. The Trust's Access Point has been awarded a PEPPOL production certification by DiFi (Norway). For those small suppliers that are not PEPPOL ready, Healthlogistics can use the low volume invoice supplier feed from the direct invoice entry portal (a web based application) to enable compliance.
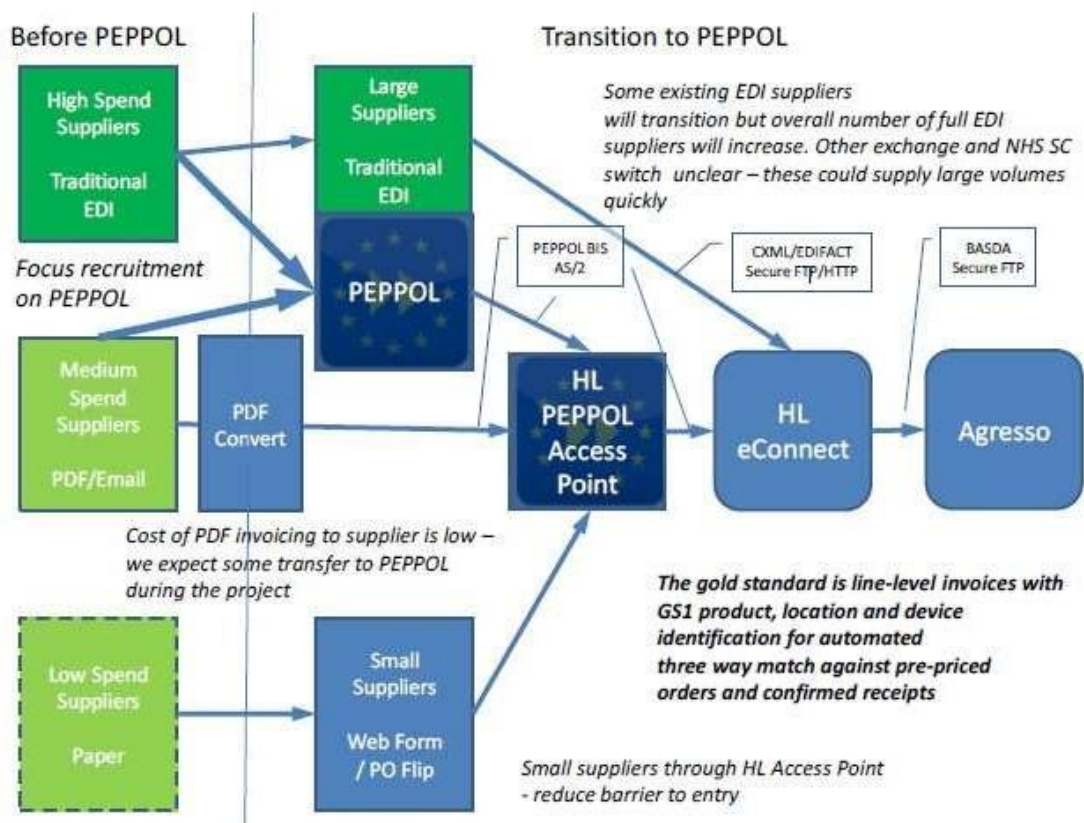

Image 1 - Supplier transition to PEPPOL with Healthlogistics

Healthlogistics annotates the Trust's invoices as a form of validation when it is transferred. This confirms that the invoice matches the order, the catalogue, and the contract.

e-Connect holds all Derby contracts and warns if products being ordered are either off catalogue or off contract.

<u>No Purchase Order No Pay Policy</u>

The Trust has instituted a No Purchase Order No Pay policy as of 1st July 2016. All relevant suppliers have been notified of this policy and the Trust will not be providing payment for those orders that do not have a purchase order.

4.   **Key Responsibilities/Duties**

Area	Responsibilities
End User	- Identifying required products - Completing web requisitions in Agresso - Receiving goods and entering GRNs into hTrak or Agresso - Review and resolve information discrepancies between invoices and POs - Ordering NHSSC items online
Finance / Accounts Payable	- Approving/cancelling orders - Reviewing PFI invoices to ensure they match usage and resolve any issues - Importing or keying paper invoices and scanning into Agresso - Processing invoices for payment - Push back invoice discrepancies to suppliers to rectify product/quantity/price queries between invoices and POs
Purchasing/ eProcurement Team	- Sourcing products which are not in the catalogue - Raising Purchase Orders - Receiving requisitions from IT and input into Agresso - Checking that data for new contracts entered into eCat by HL is correct - Loading eCat data into Agresso
IT	- Approving IT orders - Allocating requisition numbers - Placing orders manually on supplier websites (for certain IT items only)
Facilities	Reviewing managed services invoices to ensure that they match usage and resolve any issues
Bank Staff Team	- Using Bank Staff System to request agency staff - Agreeing bookings with Agency Suppliers and key references into system - Receiving Agency Supplier invoices and ensure details match booking, amending any discrepancies on the system - Approving invoices - Downloading weekly payment reports, send to finance and file invoices
Healthlogistics	- Obtaining line level pricing from suppliers - Loading contracts into eCatalogue

5. Trust P2P Policies

The following processes detail all activities involved in Purchasing through to Payment. The majority of orders are either automatic based on product usage via hTrak, or completed through a more manual process. All manual orders should involve the completion of a web requisition in Agresso, followed by the requisition approval, receipting in of goods, authorisation, and payment.

All service-based ordering is completed manually by the respective supplier raising an invoice based on services used.

Section 8 details how information from new contracts is added to the eCatalogue, Agresso, and hTrak to allow appropriate completion of the P2P processes.

| Section	Processes	Description
6 Ordering Processes	6.1 hTrak Orders	- the high level process of an automatic order being raised via hTrak based on product usage from raising the PO through to payment
	6.2 Manual Orders	- the high level process of making a manual order from finding the product on the catalogue/sourcing, raising a PO, receiving goods, receiving the invoice, through to payment
	6.3 IT Orders	- the process of ordering certain IT goods directly through supplier's websites rather than via the catalogue
	6.4 NHSSC Orders	- the process of ordering Supply Chain goods via MatMan or directly from staff online
7 Specific Service Ordering Processes	7.1 Managed Services	- the process of raising an invoice for managed services used through to payment
	7.2 PFI Services	- the process of raising an invoice through to payment for PFI services
	7.3 Agency Staff	- the process of arranging agency staff from agreeing the booking, completing time sheets, raising the invoice through to payment
8 Agresso Processes	8.1 Agresso W eb Requisitions	- the process whereby an end user completes a web requisition in Agresso
	8.2 Requisition Approval in Agresso	- the process of approving a requisition in Agresso
	8.3 Goods Receipt in Agresso	- the process of receipting in goods in Agresso
	8.4 Invoice Authorisation in Agresso & Payment	- the process of automatic or manual authorisation of eInvoices or paper invoices through to the completion of a weekly payment run via BACS/cheque
9 New Contract Awarded	9 New Contract Awarded	- the process of getting new tender and MultiQuote contacts into the eCat, hTrak, and Agresso

6. Goods Ordering Processes

6.1 hTrak Orders
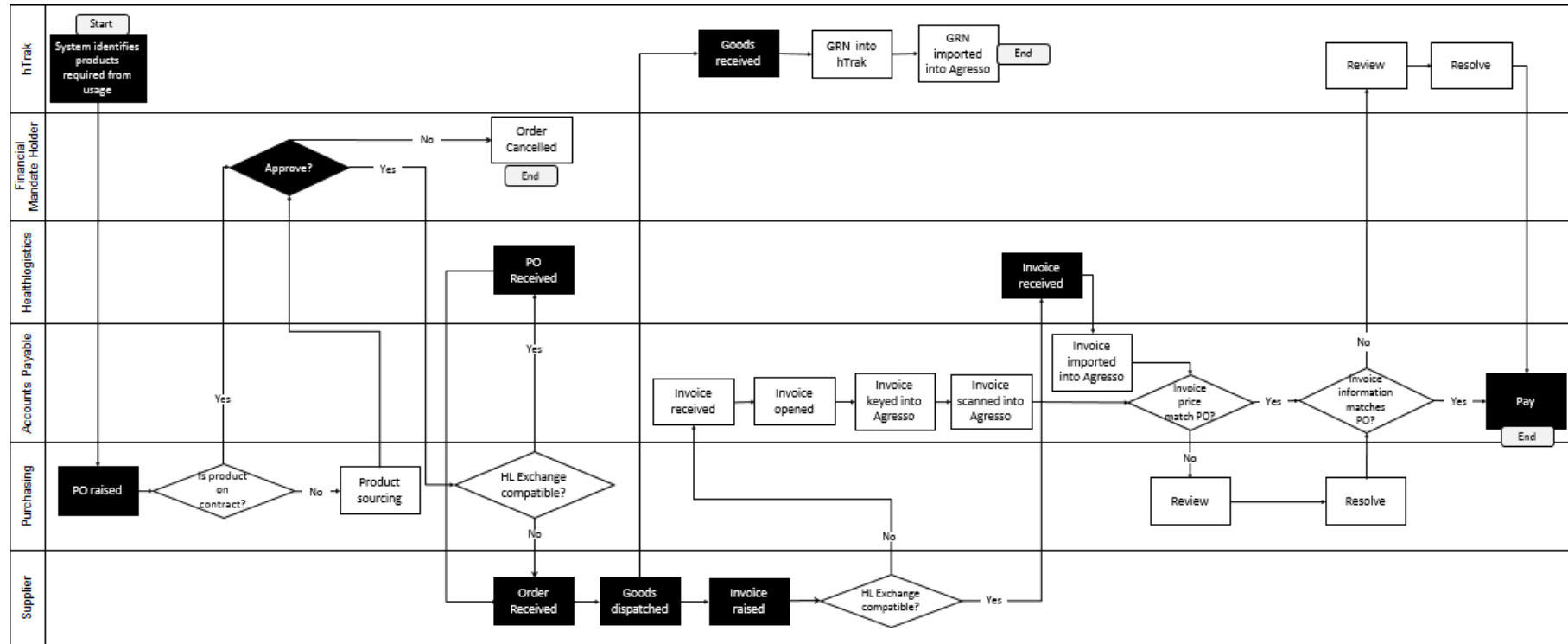
1. hTrak System identifies products that are required based on usage
2. Purchasing raise a PO
3. If products are on contract, the Financial Mandate Holder for the area approves and order goes straight to supplier (bypassing Purchasing)
4. If products are not on contract (even if they are on the catalogue), Purchasing source the product and get the latest price
5. Order is returned to area for final sign off and and approval by Financial Mandate Holder (or cancelled)
6. If the order is HL Exchange compatible, HL receives the PO
7. Supplier receives order, goods are dispatched and an invoice is raised
8. Goods are received by the End User and a GRN is keyed into hTrak and imported into Agresso
9. HL Exchange compatible order invoices are received in HL and Accounts Payable import the invoice into Agresso
10. Non-HL compatible order invoices are received by Accounts Payable. Accounts Payable key details and scan invoice into Agresso
11. Purchasing review and resolve any price discrepancies between the invoice and PO
12. End User reviews and resolves any information discrepancies between the invoice and PO
13. Accounts Payable pay the invoice

6.2 Manual Orders
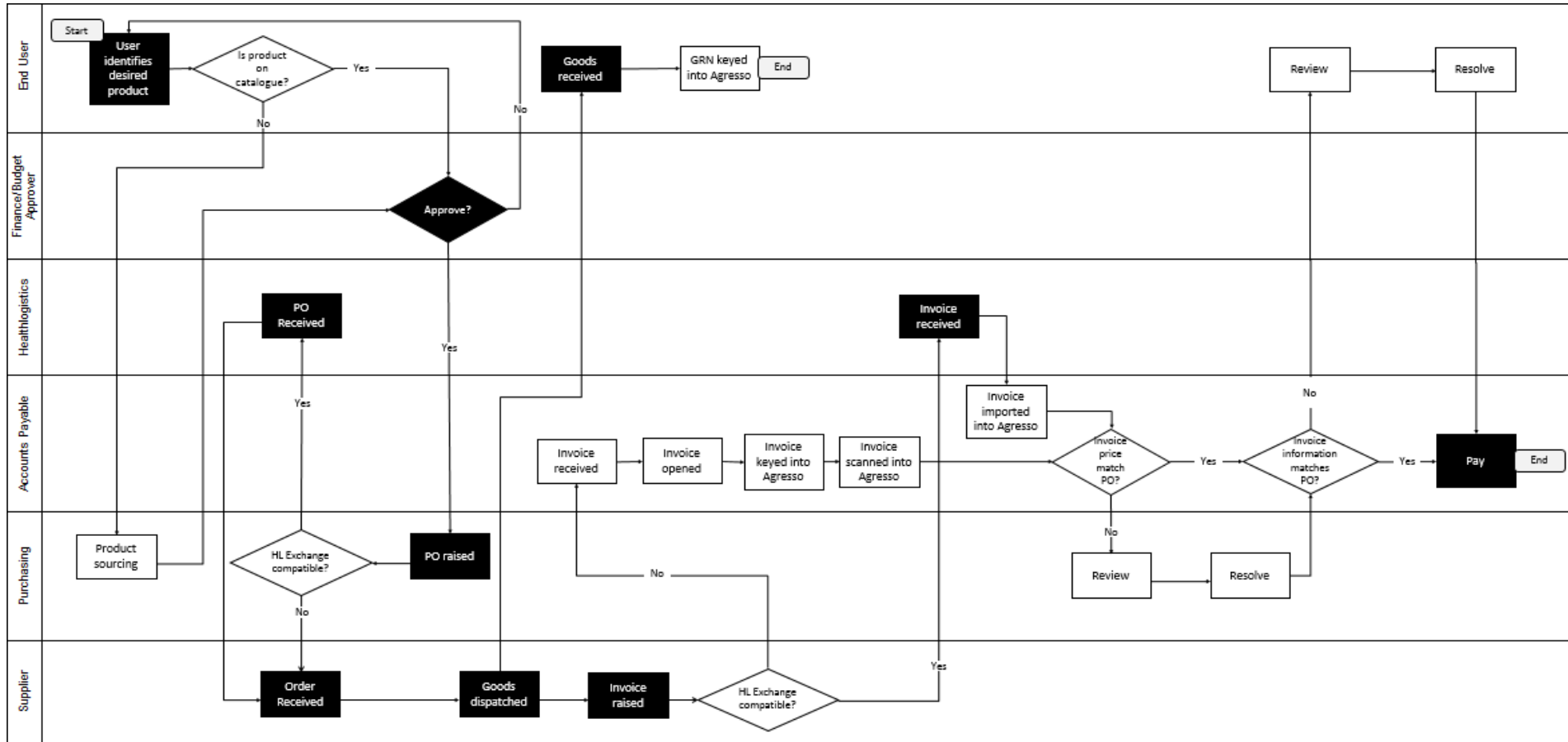
1. End User identifies required product
2. Purchasing source any products which are not on the catalogue
3. Finance approves and Purchasing raise a purchase order (PO)
4. If the order is HL (Healthlogistics) Exchange compatible, HL receives the PO
5. Supplier receives order, goods are dispatched and an invoice is raised
6. Goods are received by the End User and a GRN is keyed into Agresso
7. HL Exchange compatible order invoices are received in HL and Accounts Payable import the invoice into Agresso
8. Non-HL compatible order invoices are received by Accounts Payable. Accounts Payable key details and scan invoice into Agresso.
9. Purchasing review and resolve any price discrepancies between the invoice and PO
10. End User reviews and resolves any information discrepancies between the invoice and PO
11. Accounts Payable pay the invoice

6.3 IT Orders

(Example used for process: Certain IT goods are purchased directly via the supplier's website e.g. Hewlett Packard)
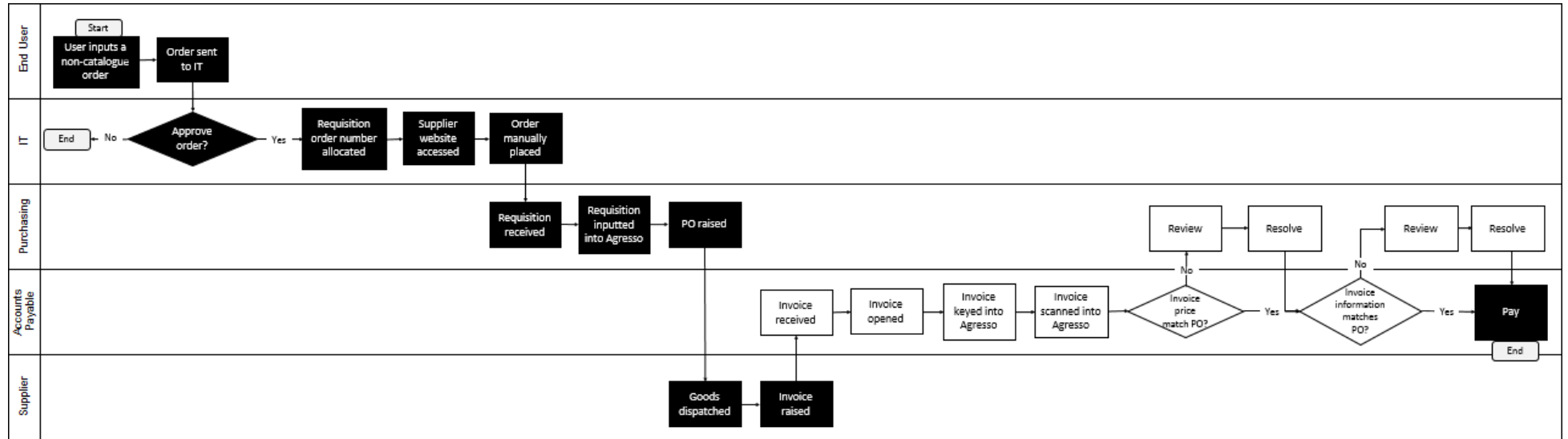
1. End User inputs a non-catalogue order which his sent to IT
2. IT approves order, allocates requisition number, accessed supplier website, and places order manually
3. Purchasing receive requisition, input into Agresso, and raise PO
4. Supplier dispatches goods and raises invoice
5. Accounts Payable receive invoice, key info and scan invoice into Agresso
6. Purchasing review and resolve any price or information discrepancies between invoice and PO
7. Accounts Payable pay the invoice

6.4 NHSSC Orders
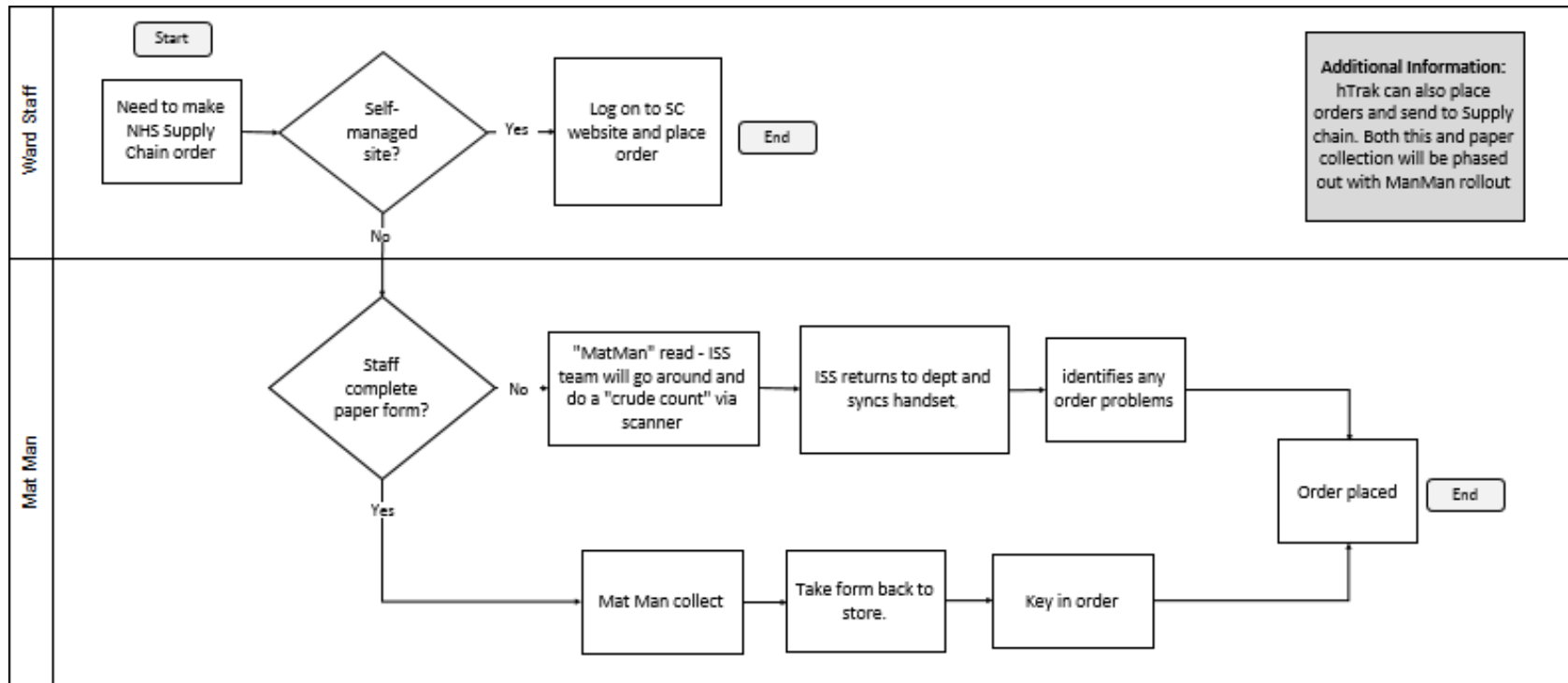
1. An NHS Supply Chain order is needed
2. If the area is self-managed (i.e. Mat Man doesn't visit), the Ward Staff can log on to Supply Chain website and place order
3. If the area is covered by MatMan, MatMan visit the area and do a crude count with a scanner
4. MatMan returns to stores and syncs handset
5. MatMan identify and fix any problems with the order and place order with SC
6. An alternative option is that MatMan collect a paper order form from staff, return to stores, and key in the order. This process should be replaced by the MatMan roll out.
7. A further option, ordering via hTrak, is also being phased out.

7. Service Ordering Processes

7.1 Managed Services

(Example used for the process: Managed Services provided by Synergy Healthcare)
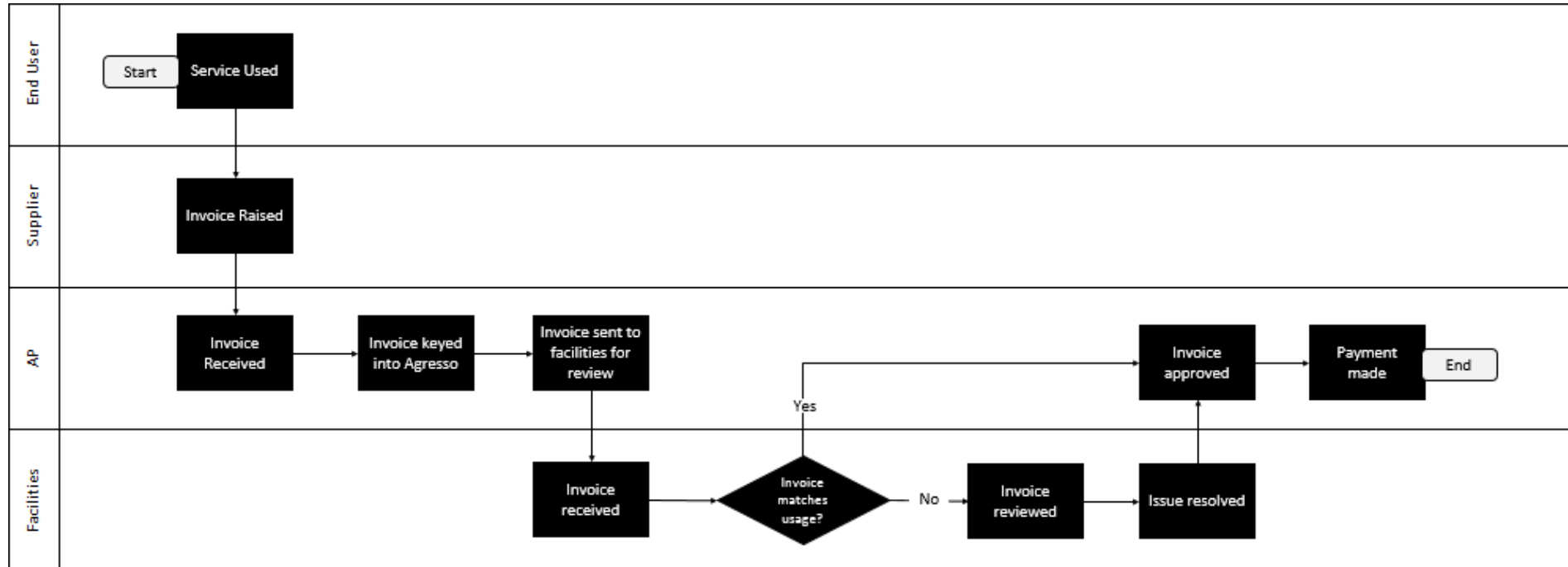
1. End User uses the service
2. Supplier raises invoice
3. Accounts Payable receive invoice , key into Agresso, and send to Facilities for review
4. Facilities receive invoice to see if it matches usages, reviewing and resolving any issues
5. Accounts Payable approve invoice and make payment

7.2 PFI Services

(Example used for process: Catering provided by ISS as part of unitary charge)
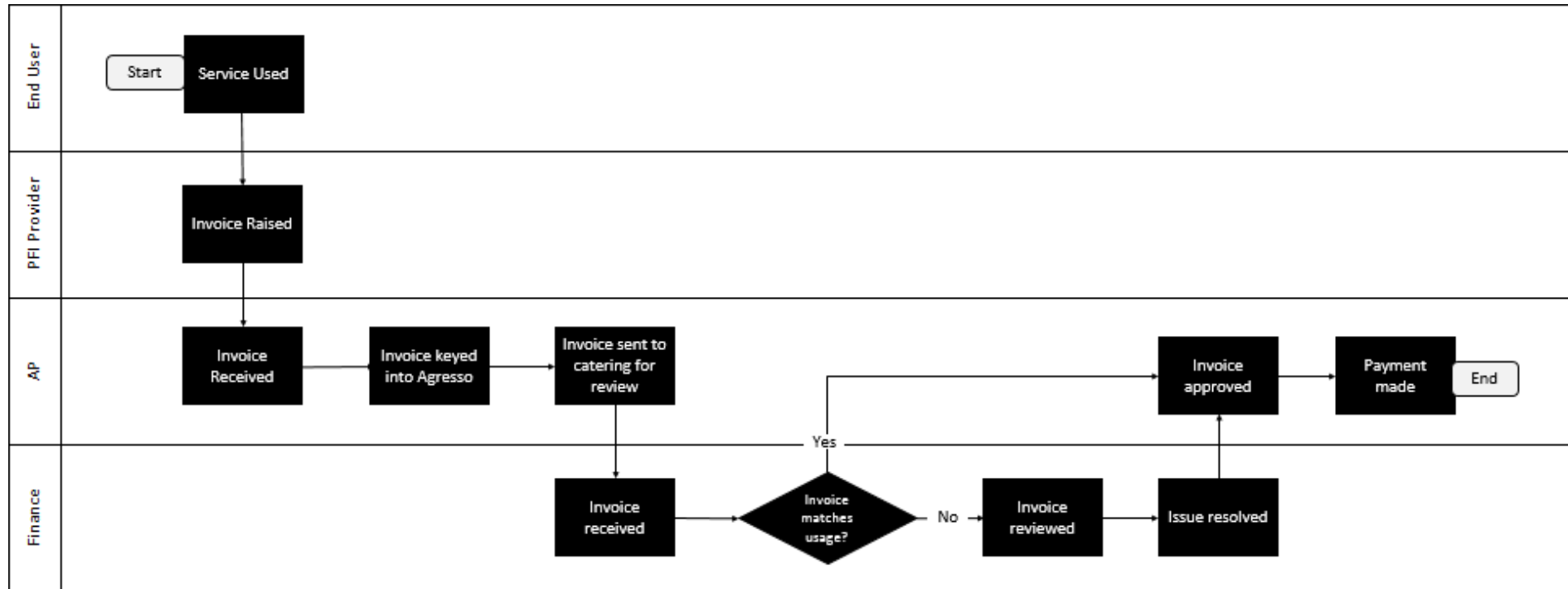
1. End User uses the service
2. PFI Provider raises invoice
3. Accounts Payable receive invoice, key into Agresso, and send to Finance for review
4. Finance receive invoice to see if it matches usages, reviewing and resolving any issues
5. Accounts Payable approve invoice and make payment

7.3 Agency Staff
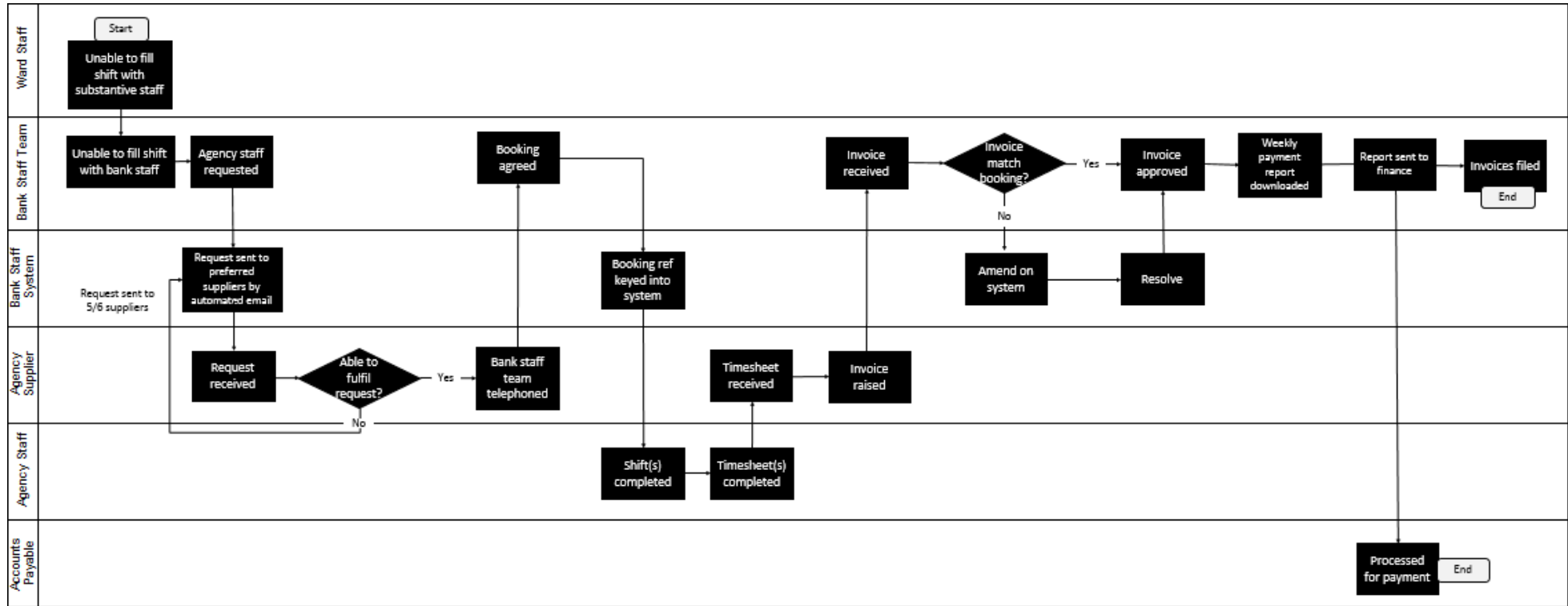
1. Ward Staff are unable to fill shift with substantive staff
2. Bank Staff Team are unable to fill shift with bank staff
3. Bank Staff Team request Agency staff via Bank Staff System which sends request to preferred suppliers by automated email
4. Agency Supplier receives request and telephones bank staff team if able to fulfill request
5. Bank Staff Team agree booking and key reference into Bank Staff System
6. Agency Staff complete shift and timesheet
7. Agency Supplier receives timesheet and raises invoice
8. Bank Staff Team receive invoice and ensure the invoice matches the booking, amending any discrepancies on the system
9. Bank Staff Team approve invoice, download weekly payment report, send report to finance, and file invoice
10. Accounts Payable process invoice for payment

8.   Detailed Agresso Processes

8.1 Agresso Web Requisitions
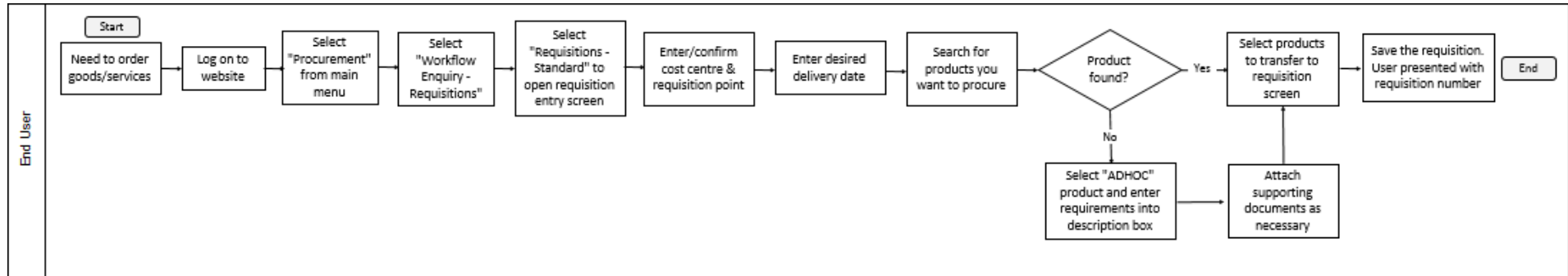
1. End User logs on to self-service website
2. From Main Menu select Procurement, then Requisitions – Standard to open requisition entry screen
3. Enter or confirm cost centre and requisition point (and enter desired delivery date (optional))
4. Search for products to procure or type in product code directly
5. Select products from search which transfers them to requisition screen
6. If the product is not found from the search, select ADHOC product and enter requirements into description box
7. Attach supporting documents if necessary e.g. quote or specific product information
8. Save the requisition and a requisition number is displayed

8.2 Requisition Approval in Agresso
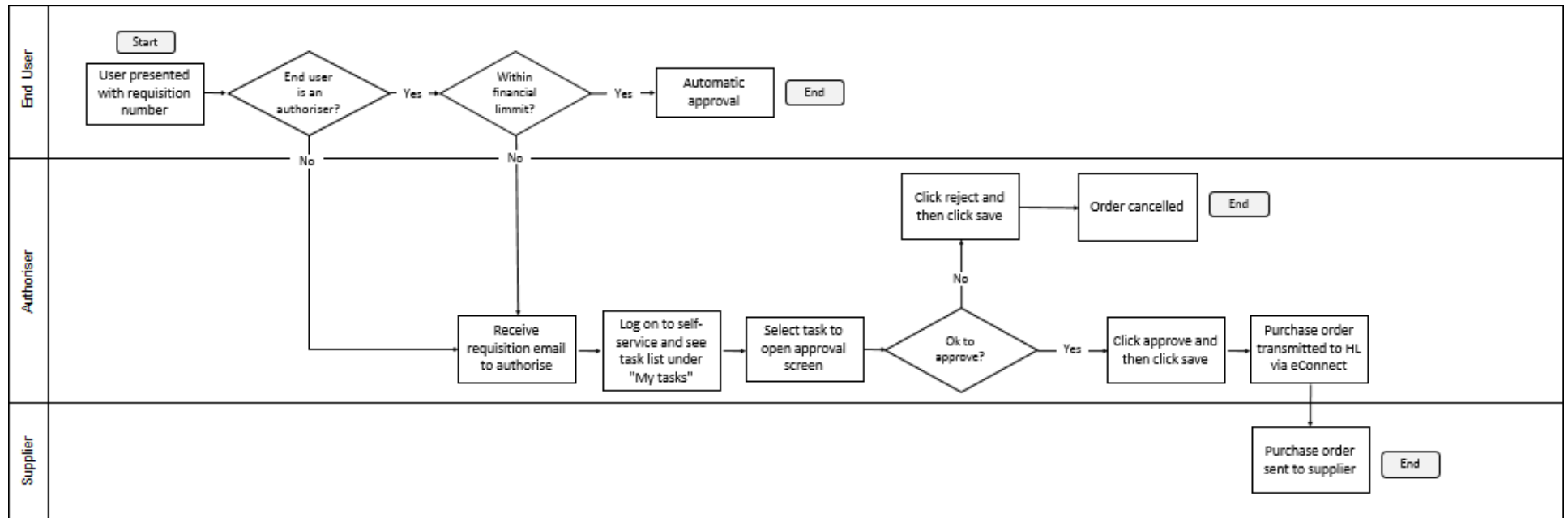
1. End User presented with requisition number
2. If the end user is an authoriser and the order amount is within their financial limit the order will be approved automatically
3. If not, an email is automatically sent to an appropriate authoriser (see information on task rules in Section 9)
4. Authoriser logs on to self-service website and views tasks list under My Tasks
5. Select task which opens the approval screen
6. If the order is ok to approve, click approve and then click save. A purchase order is sent to the supplier
7. If the order is not ok to approve, click reject and then click save. The order will be cancelled or Approver can also amend at this stage (e.g. change quantity or add another product line

8.3 Goods Receipting in Agresso
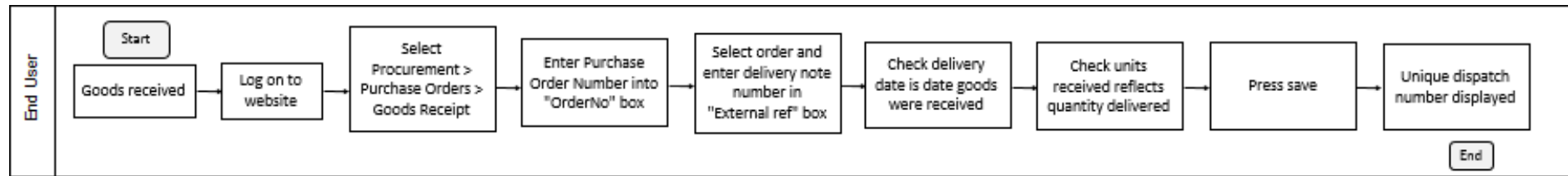
1. End User receives goods
2. Log on to self-service website and select Procurement, then Purchase Orders, then Goods Receipt from main menu
3. Enter Purchase Order number into "OrderNo" box
4. Select Order and enter delivery note number in "External ref" box. If no delivery note number, enter order number
5. Check delivery date is the date the goods were received and check that the units received reflects the quantity delivered
6. Click save and a unique dispatch number is displayed

8.4 Invoice Authorisation in Agresso & Payment
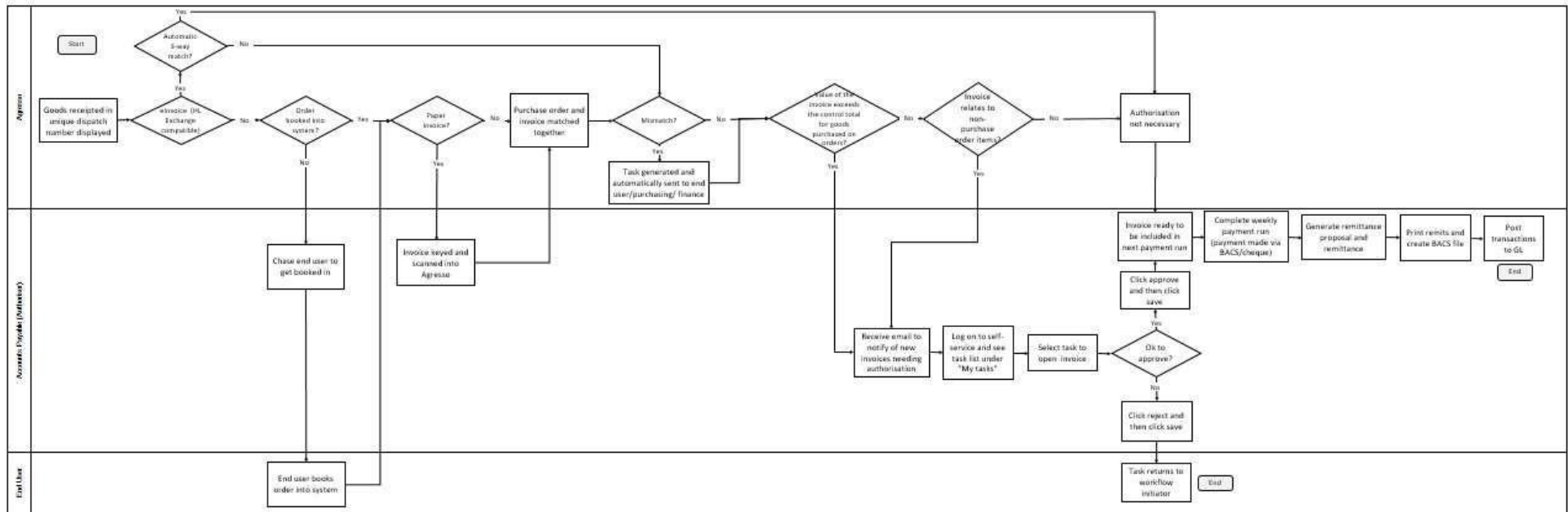
1. Once goods/services are receipted a unique dispatch number is displayed in Agresso
2. If an eInvoice is provided, and there is an automatic 3-way match, authorisation is not necessary and the invoice moves to payment
3. If the invoice is not HL exchange compatible (not an eInvoice), the Authoriser will check that the order has been booked into the system and chase up the End User to complete if necessary
4. If it is a paper invoice, Accounts Payable key and scan the invoice into Agresso. This allows Agresso to match the purchase order to the invoice
5. If there is a mis-match, a task is generated and automatically sent to the appropriate end user/purchasing/finance
6. If the value of the invoice exceeds the control total for goods on purchase orders and/or the invoice relates to non-purchase order items an Authoriser receives an email notification
7. Authoriser logs into self-service and checks "My Tasks" list
8. Select task to open invoice. If the invoice is ok to approve, click approve and save and then invoice moves to payment
9. If the invoice is not ok to approve, click reject and save and the task returns to the workflow imitator
10. If the value of the invoice does not exceed the control total, authorisation is not necessary and the invoice moves to payment
11. Payment:
12. Invoices are ready to be included in the next payment run (completed weekly via BACS/cheque by Accounts Payable)
13. Accounts payable generate remittance proposal and remittance, print remits, and create BACS file. Post transactions to GL

9   New Contract Award
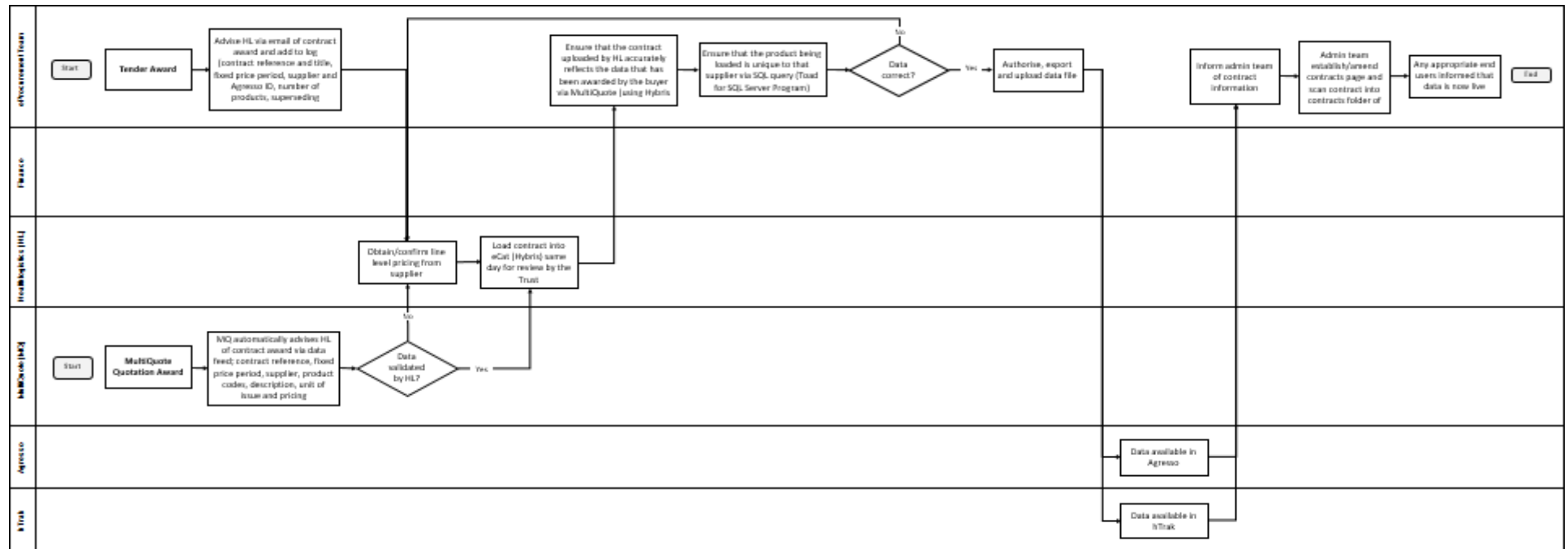
1. When a new Tender award is received, the Trust advises HL of contract award, contract reference and title, fixed price period, supplier and Agresso ID, number of products, and superseding contract
2. HL obtains or confirms line level pricing from the supplier and loads contract into eCat on the same day for review by the Trust
3. When a new MultiQuote (MQ) quotation is awarded, MQ advise HL of contract award, contract reference, fixed price period, supplier, product codes, description, unit of issue and pricing
4. If the data has not been validated by HL, HL first obtain or confirm line level pricing from the supplier
5. HL load contract into eCat on the same day for review by the Trust
6. eProcurement Team check that the data is correct to:
7. Ensure that the contract uploaded by HL accurately reflects the data that has been awarded by the buyer via MultiQuote using Hybris Template 4 Excel document
8. Ensure that the product being loaded is unique to that supplier via SQL query
9. If the data is not correct, HL obtain or confirm the line level pricing from the supplier
10. eProcurement Team authorise, export and upload the data file
11. The data becomes available in Agresso and hTrak
12. eProcurement Team receive the contract information and inform admin team of contract information
13. Admin Team establish or amend contracts page and scan contract into contracts folder of the shared drive
14. eProcurement Team inform any appropriate end users that the data is now live

10.   Monitoring Compliance and Effectiveness

Monitoring Requirement :	Compliance with this policy will be monitored via audit on an annual basis.
Monitoring Method:	Where monitoring has identified deficiencies an action plan will be developed to implement changes. Additionally, the 3 way successful match (Invoice Matches (1st Time) / Total Number of Invoices) KPI will be monitored to track improvements.
Report Prepared by:	Procurement, Finance and P2P work stream owners
Monitoring Report presented to:	Monitoring committee
Frequency of Report	Annually

11.   References

Source of Data	Date of Publication/Issue	Title
Department of Health	2014	eProcurement Strategy
National Information Board	2014	Personalised Health & Care 2020
Department of Health	2015 & 2016	Lord Carter Interim and Final Reports on Unwarranted Variation in the NHS
GS1	2016	Full List of GS1 Standards
GS1	2016	GS1 General Specifications
Department of Health	2016	GS1 & PEPPOL – Getting Ready

12.   **Appendices**

Appendix 1 – Agresso Task Rules

Rules have been created in Agresso that automatically send tasks to an appropriate user based on an action. These rules are based on the following:

Requisition

• For Cost Centre Approvals, each cost centre has different roles set-up which correspond to the levels set in the SFI's (£0, £5000, £10,000, £20,000 & £50,000). All users are assigned to one or more of these roles per cost centre. When a requisition is input into Agresso, the system sub-totals the requisition by supplier and sends it for approval to the correct role. If the user who has created the requisition is in the group it auto-approves. Users are notified by email if the requisition needs manual approval.

• For Sourcing, if the requisition contains any non-contract products (i.e. adhoc), then these lines are sent to purchasing for sourcing. The task is sent to the buyer who is responsible for the area the requisition relates to. No emails are sent.

Orders: hTrak

• For Cost Centre Approvals and Sourcing, the rules are the same as per requisition above.

• For Team Leader approval, if the order contains non-contract products the order needs to be approved via the purchasing team leaders. The task is sent to the Team Leader based on the area the order relates to. No emails are sent.

Orders: non-hTrak

• Team Leader Approvals are the same as per hTrak orders above.

Missing Goods Receipt

• For missing GRNs, the purchase invoice is input into Agresso and the invoice is matched to the order, but no goods have been receipted as yet. A task is sent to the person who requested the goods. Users are notified via email of a pending task.

Purchase Invoice (invoice relates to purchase order)

• For extra lines, the invoice has additional items that are not included on the order. A task is sent to the buyer who is responsible for the area the order it relates to.

• For Buyer Additional £ Approval, the invoice price is higher than order price plus tolerance (which is 0 for contract orders and 5% for non-contract orders). A task is sent to the buyer who is responsible for the area the order relates to.

• For Buyer Additional Quantity Approval, the invoice has a higher quantity of product than order. A task is sent to the buyer who is responsible for the area the order relates to.

•   For Cost Centre Approval, the invoice does not match the order (e.g. extra lines, invoice price higher than order or invoiced quantity greater than order, etc.) and rules are as per requisition rules above.

Supplier Invoice (non-purchase order)

•   For Cost Centre Approvals, the rules are the same as per requisition above.

Task Rules Notifications

Task Rules	Frequency	Owner
Requisition approval	Approval Group for cost centre sent within the hour on the hour	Automated
Requisition approval reminder	Approval Group for cost centre sent 1 day overdue	Automated
Requisition approval escalation	Original requisitioner sent 3 day overdue. Requisitioner to chase mandate holder to ensure approval	Requisitioner
Requisition approval daily reminder	Approval Group for cost centre sent daily when 1 week overdue	Automated
hTrak order approval	Approval Group for cost centre sent within the hour on the hour	Automated
Missing GRN task	User who created order, sent morning after invoice registered to Agresso	Automated
Missing GRN reminder	User who created order, sent weekly once over 1 week overdue	Automated
Missing GRN escalation	After 1.5 week, email sent to budget holder which lists the requisitions not receipted to action followed up with telephone call	Finance
Purchase invoice Approval	Approval Group for cost centre sent within the hour on the hour *	Automated**
Purchase invoice Approval reminder	Approval Group for cost centre, sent weekly once over 1 week overdue	Automated

* Invoice approval tasks are created when invoice amount is higher than order price plus any tolerance, invoice quantity more than order or extra invoices lines not on order.

** Follow up tasks to rectify invoice discrepancies needs be pushed back to the suppliers by accounts payable to resolve product/quantity/price variations. If the discrepancy is not resolved this will be subsequently actioned by accounts payable and procurement task owners.