

Payments by BACs – Guidance for Schools

1. Overview of BACs Arrangements

When a school operates a BACS payment system, they will need to ensure that the arrangements detailed below are in place to ensure correct authorisation processes and segregation of duties are in place. These arrangements will need to reflect the usual procedures for managing financial controls as set out in the school's Finance Manual and Scheme of Delegation and need to be agreed by the Governing Body.

In summary:

- a) The school will maintain an up to date list of suppliers to be paid by BACS on the financial management system. Maintenance of the list will be restricted to one person. The Headteacher and School Business Manager will be responsible for ensuring the bank details have been checked and correctly loaded onto the financial management system.
- b) The BACS run schedule must be signed, approved and dated by TWO cheque signatories (as per the bank mandate), both of whom have not been involved in setting up the suppliers on the system.
- c) There must be a clear segregation of checks between preparing the payment detail schedules and authorising payment, i.e. the same person cannot input and authorise the payment.
- d) BACS schedules should be retained in accordance with the retention periods for financial records and filed appropriately.
- e) The School Business Manager and BACS approvers will ensure that any relevant documentation, card reader, bank card and passwords to access the account will be kept secure and confidential.
- f) Each invoice still needs to be approved in addition to the overall BACs report
- g) Each school should have a BACs authorisation process that is documented and details the staff responsible for each stage (table in Section 2). This should be agreed as part of the school's Scheme of Delegation and will need to be reviewed by governors every time there is a change.

2. Preparation for BACs Authorisation:

The process below should be used in conjunction with the other procedures for managing financial controls, already used by the school, and must be documented in the schools' Scheme of Delegation, reviewed by the Governing Body on at least an annual basis, or as and when changes are required.

This is only a basic table to show the people who can/cannot be involved in each step of the process. You can include additional people for each step, if you have the capacity.

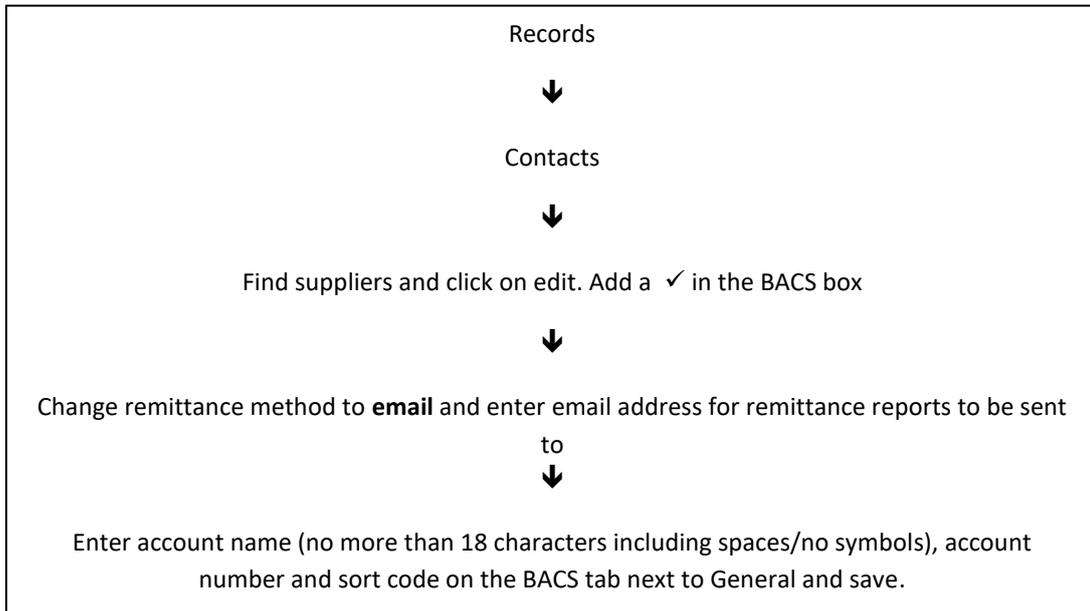
Step	Process	Performed by
1	Adding, changing or updating supplier details on finance system This should be subject to independent review of the Headteacher or SBM	This should be someone not involved in the payments process (no HSBC device access required)
2	Each order must be authorised by an appropriate person, according to the Scheme of Delegation	Headteacher or anyone else with authority under the Scheme of Delegation (no HSBC device access required)
3	Each invoice must be checked against the authorised order for goods/services received, accuracy and completeness	Anyone with authority under the Scheme of Delegation with budget holder (as required)
4	The invoice should be authorised for payment and signed for on the invoice certification	Anyone with authority under the Scheme of Delegation
5	Once invoices have been authorised, they can be set up for payment on the finance system and a BACs payment list produced	Cannot be someone involved in Step 1 but must have access to a HSBC device
6	Then the BACs payment list needs to be checked against the supporting invoices and then signed and dated for payment. It must be approved by two signatories as listed on the bank mandate.	Cannot be someone involved in Step 5 but must have access to a HSBC device
7	Now the BACs payment can be uploaded onto HSBCnet	Cannot be someone involved in Step 1 but must have access to a HSBC device
8	Then the BACs payment needs to be authorised by the approvers on HSBCnet	Cannot be someone involved in Step 7 but must have access to a HSBC device

A proforma should also be completed and signed for each file upload and filed with the paperwork.

The detailed steps for the tasks in colour are shown below.

3. Your Finance System:

First you will need to prepare the suppliers on your finance system to be paid via BACs. In the box below is how to do this in RM Finance.



If an account name is more than 18 characters then a payment to this supplier will be rejected and the whole upload will need to be rejected.

It is easier to check and add the supplier details once a supplier needs to be paid rather than doing it in bulk, as you will have a current invoice to refer to and eventually the bank details of all your suppliers will be added.

In order to protect the school against fraud it is important to ensure that there are good controls in place when setting up suppliers.

The list of suppliers needs to be kept up-to-date by the school and its maintenance should be limited to only a certain number of people and they should be agreed on the school's Scheme of Delegation. Below are some good practice rules when setting up suppliers:

- When first setting up a supplier, check that the bank account details match the ones provided by the company. The information should be checked directly with the organisation using a separate communication channel.
- All supplier additions or updates should be input by one person and checked by another authorised person (Headteacher or School Business Manager)
- If a supplier contacts you to change their bank account details, contact the supplier yourself (using the contact details you have on file) to verify this request

4. Producing BACs Export

In order to prevent having to resend out the remittance emails in case the authoriser rejects the payment upload, it is best to have a BACs pending report signed and approved first. Then this report can be provided to the authoriser with the final BACs export and supporting paperwork to be approved so they can check for any discrepancies. The steps for how to print this report in RM Finance and a screenshot of an example report are shown below.

Transactions

↓

BACs

↓

Payments Pending Report (tab 1)

↓

Enter the correct dates

↓

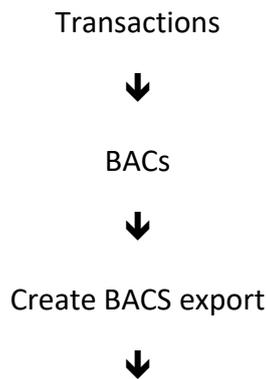
Click Generate Report

RM Finance

BACS Payments Pending Report Financial Year 2020/2021, Period 8

		Reference No:	Amount	Approved
02 Dec 2020	B174/227	3104	300.00	<input type="checkbox"/>
02 Dec 2020	B174/167	3133	1090.00	<input type="checkbox"/>
Total payment to: HARINGEY			1390.00	
Full name: LABURNUM LABURNAM EDUCATIONAL LTD				
Bank account name: LABURNAMHOUSE		Sort code:	Account No:	
<hr/>				
		Reference No:	Amount	Approved
02 Dec 2020	B174/219	00026821	421.20	<input type="checkbox"/>
Total payment to: LABURNUM			421.20	
Full name: PHILOSOP PHILOSOPHY EDUCATION LTD				
Bank account name: PHILOSOPHY		Sort code:	Account No:	
<hr/>				
		Reference No:	Amount	Approved
02 Dec 2020	B174/14	1833	1368.00	<input type="checkbox"/>
Total payment to: PHILOSOP			1368.00	
Full name: REAM REAM PARTNERSHIP				
Bank account name: REAM		Sort code:	Account No:	
<hr/>				
		Reference No:	Amount	Approved
02 Dec 2020	B174/1 SLA	23193	3881.09	<input type="checkbox"/>
02 Dec 2020	B174/1 SLA	23192	6318.79	<input type="checkbox"/>
02 Dec 2020	B174/1	21394	1532.86	<input type="checkbox"/>
Total payment to: REAM			11732.74	
Total payment transfer			16273.78	
Authorised: _____				
Authorised: _____				

The steps for how to produce the BACs export are shown below:



It is advisable for someone other than the inputter (e.g. admin staff) to check that the sort code and bank account number for the suppliers being paid are correct for each payment upload. This gives the inputter peace of mind that the details have been checked by another colleague.

Enter anticipated payment date (allow sufficient time for authorisers to approve – at least 3 working days ahead)

It is also a good idea to build in a few days to resolve any issues that may arise



Select all payments and click on create export (bottom right)



Save zip file in a suitable folder



Click next and save BACS text file



Save zip file in a suitable folder renaming file name to BACS and date (e.g. BACS061120)



Complete Export



Send emails to suppliers →

An automated remittance email will be sent to each supplier to confirm payment if you have selected email as the chosen remittance method



Click on Remittance Report, enter correct dates generate report and print

5. HSBCnet – Inputter

Log on to HSBCnet as inputter using your device



Click on Menu



Payments and Transfers



File Upload



Payments



Select ACH Credits from the list



Click on file format



Select the correct file type under File Format
(HEX 4W UK or Bacs Standard 18)



Click on attach file



Browse to find the saved BACS text file



Once uploaded click on authenticate



Use Inputter device to authenticate (enter security code as per screen instructions)



A message will pop up (Authentication Successful)



Click file upload



Print the screen shot which states file import received by bank and close. Attach this to the remittance report printed earlier from finance system.



Click on Menu



Payments and Transfers



File Upload Status Monitoring



Launch File Upload



This will show if the text file has been successful or if there are any rejected payments.

Please note that if a file has been rejected/partially rejected you cannot always repair this file.

If you need to re-upload the file again with corrections made, the authorisers will need to reject the original file once they sign in. If the file says repair, you can repair it directly from HSBC net under Payment Summary and Action.

If the file is partially rejected, then you will need to investigate the cause and then reject the whole upload and reupload it again once the issue is identified and corrected. However, the upload can only be rejected by an authoriser, not an inputter.

6. HSBCnet – Authorisers

Log on to HSBCnet



Menu



Payments/transfers



Authorisation Summary



Enter security device information as per instructions on screen



Review transactions and action (approve or reject)

Authorisers should ensure that transactions agree to the BACs payments list generated by the system which has already been checked to authorised invoices for this payment run