

## Financial Services Specification – Framework

The provision of financial services and associated systems to support Public bodies in the operational delivery of its financial duties. Lot 1 includes the following services:— Accounts Payable;— Accounts Receivable;— Treasury Management;— Financial Accounting (Balance Sheet control);— Integrated Financial and Procurement System including:- General Ledger;- Fixed Assets;- Budgeting and Forecasting.— System Support;— VAT services.

The Authority requires the supplier to provide a fully outsourced Financial Services Solution. Covering but not limited to Finance System), provision of an Enterprise Resource Planning (ERP) system, Accounts Payable, Accounts Receivable, Treasury Management, and Accounting Services, Vat Services. This includes the provision of transactional processing services and system management & maintenance. The service to be provided can be delivered as individual standalone services or a fully managed service.

### Core Finance and Accounting Service

Ref	Title	Description
F1	Finance and Accounting Managed Service	The Provider's solution will 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.
		The Provider's solution will include 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 Provider's solution will 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.
		The Provider's solution will provide 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 requirements forecast ("Cash Management").
		The Provider's solution will provide a debt management service
		The Provider's Solution will provide 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

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		Service will also ensure other reports are available to monitor transactions within the system.
		The Provider’s solution will 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 Provider’s solution will provide a book keeping service for the Customer, up to the point of trial balance generation. It will also provide month end closure and will provide during the transition period 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 Provider’s solution will include the provision and maintenance of a standard interface gateway into the general ledger, (“Accounting to Reporting - General Ledger”).
		The Provider’s system should provide a method to electronically consolidate and track budgets from different sources
<b>F2</b>	Core System	<ul style="list-style-type: none"> <li>• The system should allow for on-line validations, updates and postings for all transactions, data changes and reporting to be conducted in real time.</li> <li>• The system should perform automatic reconciliation and integrity checks on all transactions and data entered.</li> <li>• The solution is required to be fully integrated to provide an automatic, seamless interaction between all components, ensuring no direct intervention is required once established.</li> <li>• The solution is required to be fully integrated to provide a consistent look and feel to all areas, enabling all users to access all areas of the system though a single portal.</li> <li>• The system should support multiple currencies e.g. Pound Sterling and Euro</li> <li>• The system should have the facility to set up multiple bank accounts on behalf of the Authority.</li> <li>• The system should be fully HMRC &amp; EEC VAT compliant and have the facility to adapt to any future changes in VAT legislation.</li> <li>• The system should include an Electronic invoice system and have the ability to automatically convert a Purchase Order to an invoice.</li> <li>• The system should enable default information to populate areas of data input screens based on various criteria for example; codes linked to a particular product, user requirements or VAT information.</li> </ul>

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		<ul style="list-style-type: none"> <li>• The system should allow access via a web browser at the front end and have the ability to access it via mobile devices to enable remote working.</li> <li>• The user interface should be intuitive and require little or no reference to either user manuals or on-line help facilities for basic navigation.</li> <li>• The system should allow for multiple sessions to be opened from within the same user ID without licensing implications.</li> <li>• The system should allow for the user interface to be personalised, to remove any unnecessary information or fields.</li> <li>• The system should have an automated workflow management system as part of the proposed solution.</li> <li>• The system should allow users to upload and update suppliers items by means of an electronic catalogue which can be available to all authorised users</li> <li>• The e-Catalogue solution must provide the facility to make changes to product information within a staging environment. The changes will be made with the confidence of knowing that they will not impact the buying community without going through an approval process.</li> <li>• The system should allow users to search for catalogue items and have the ability to display alternative items and a range of prices if appropriate</li> <li>• The system should allow for users to raise queries regarding transactions or information held in the system directly through the solution itself with the originator by utilising e-mail.</li> <li>• Comprehensive on-line help should be available for all aspects of the systems.</li> <li>• The help facility should be user definable to reflect the Trust's internal policies and procedures.</li> <li>• The system should have the facility to automatically save information for partially complete processes; even though it may not have been actioned as a transaction (e.g. system interrupts etc.).</li> <li>• The solution should offer a fully automated bank reconciliation with direct electronic links with the bank.</li> <li>• The system should be compliant with NHS IFRS Accounting requirements. As set out in the Department of Health Group Manual for Accounts or any other appropriate accounting regime.,.</li> <li>• The system should be updated by the supplier for future changes to reporting requirements on the Authority's behalf.</li> </ul>
<p><b>F3</b></p>	<p><b>Chart of Accounts</b></p>	<ul style="list-style-type: none"> <li>• The Chart of Accounts should have the facility to accommodate a wide range of user definable segments (e.g. cost centre, account code, activity, job number, asset number, project identifier etc.).</li> <li>• Each segment should have multiple hierarchical summary levels to which GL codes are attached The Chart of accounts should also allow aggregation of data to allow a variety of reports to be compiled</li> <li>• New codes should be created on-line with variable authorisation paths dependant on the segment</li> </ul>

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		<p>code it is created within.</p> <ul style="list-style-type: none"> <li>• All codes should be entered into the system against transactions validated in real time at the point of entry against the approved Chart of Accounts.</li> <li>• Different permutations of all hierarchical segments within the Chart of Accounts be created for reporting purposes.</li> <li>• The system should have the facility to restrict access to specific hierarchies and individual/ranges of codes at either a hierarchy or postable level.</li> <li>• Code look up facilities should be available on both the specific codes and code description on all code segments.</li> <li>• Wild cards and variable length lookup should be used at any point of a search string (e.g. look for 'expen' and find 'staff <b>expense</b> claims'.</li> <li>• The system should have the facility to place restrictions on the transaction types that can be posted without any codes (e.g. income can only be posted to income account codes).</li> <li>• Maintain the Chart of Accounts on the Authority's behalf.</li> </ul>
F4	Journals	<ul style="list-style-type: none"> <li>• The system should offer a range of automated journal transfer types (minimum - standard, recurring, cost apportionment and recharging).</li> <li>• Where correction journals are processed, all relevant and related transactions should be correct with appropriate correction trial and referencing.</li> <li>• The creation of certain journal types (e.g. cost apportionment, recharging and recurring) should have the facility to be scheduled.</li> <li>• Balanced journals should be processed as standard (unless otherwise authorised).</li> <li>• The system should have definable reference / narrative fields on all the journal types.</li> <li>• Reason codes, references and narratives for the journals should be recorded at the journal and journal transaction line levels.</li> </ul>
F5	Closure of Accounts Cycle	<ul style="list-style-type: none"> <li>• The system should manage the diversity of monthly and annual processes, procedures and policies in accordance with standard accounting concepts and principles (e.g. accruals, matching of income and expenditure, etc.).</li> <li>• The balance sheet should be integrated with all other aspects of the systems such that it is updated where appropriate, automatically and in real time</li> </ul>
F6	Fixed Assets and Capital Accountancy	<ul style="list-style-type: none"> <li>• The fixed assets should be integrated to the general ledger, balance sheet and capital monitoring elements of the system.</li> <li>• The asset register should meet the current NHS Accounting requirements. And Local Authorities</li> <li>• The system should automatically generate the journals for the capital charges and all capital accounting transactions.</li> <li>• The asset movements should be tracked on-line and in real time by the system (e.g. acquisitions, enhancements, disposals etc.).</li> </ul>

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		<ul style="list-style-type: none"> <li>• Enable recording of Donated Assets and generate appropriate journal.</li> <li>• Enable the application of varying methods of indexation to specific classes of assets.</li> <li>• Provision of a Capital Accountancy Service to the Authority including management and updating of the asset register on behalf of the Authority</li> <li>• The system should be capable of handling the addition and disposal of assets, revaluations, and depreciation. New assets, such as buildings, may be constructed over a period of time and progress will need to be tracked within the Fixed Asset Register.</li> <li>• The system should also be able to hold and track ‘capital applications’ and ‘requests for disposal’ with associated workflow e.g. request / review / approval, including the ability to track supplier invoices against purchase orders.</li> </ul>
F7	Reconciliations	<ul style="list-style-type: none"> <li>• Reconciliation of the Authority’s balance sheet accounts as agreed with the Authority. (Includes all system control accounts e.g. AP &amp; AR Control).</li> <li>• Posting of relevant journals to clear reconcile items.</li> <li>• Respond to queries from the Authority on the detail of control account transactions.</li> <li>• Clear items on suspense accounts to correct code within the Ledger</li> </ul>
F8	System Management	<ul style="list-style-type: none"> <li>• Ensure integrity of system</li> <li>• Action Month End procedures as agreed with the Authority</li> <li>• Action Year End procedures as agreed with the Authority</li> <li>• Have processes in place for change management, release management, incident, problems, availability etc to reduce service downtime and increase system performance.</li> <li>• Carry out Maintenance and apply update outside of core service hours as agreed with the Authority.</li> <li>• Setup and maintain users on the Authority’s behalf. Ensure correct security rights are applied.</li> <li>• Consolidate all sub-ledgers into the general ledger on a real-time basis.</li> </ul>
F9	Reporting	<ul style="list-style-type: none"> <li>• The system should provide a suite of Standard Reports across all modules to enable the authority to manage its business.</li> <li>• The solution should enable the Authority to write its own reports and manipulate data assisting with the provision of Business Intelligence</li> <li>• The solution should provide user customisable Dashboards that aid the user in managing their financial responsibilities. e.g. Budget Holder, Chief Executive, Finance Team.</li> </ul>
F10	External Data	<ul style="list-style-type: none"> <li>• Load interface files from third party systems e.g. NHS Supply Chain, ESR as defined by the authority.</li> <li>• Distribute error reports to the Authority’s Finance Team.</li> <li>• Action all corrected errors into the system on receipt from the Authority.</li> </ul>
F11	VAT	<ul style="list-style-type: none"> <li>• Consolidate all VAT information from the Accounts Payable, Accounts Receivable systems and relevant journals.</li> <li>• Prepare a working paper for submission to the Authority to enable it to makes its statutory VAT</li> </ul>

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return.

- Reconcile all VAT control accounts.
- Liaise with the Authority, HMRC, and VAT experts as required
- Provision of VAT services to provide assurance to the Authority that input VAT has been recovered correctly output VAT has been correctly charged.
- Provide an enhanced VAT service to the Authority e.g. Capital VAT Recovery, VAT Advice, COS Reviews, Partial Exemption calculation.

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## Accounts Payable & Purchasing

Ref	Title	Description
F12	Supplier Payments	<ul style="list-style-type: none"> <li>• The system should have the facility to make the following payments; by cheque (scheduled and immediate), BACS, CHAPS, Faster Payments, Standing Orders, Book Transfers and Direct Debit.</li> <li>• Encourage suppliers to adopt electronic invoices and payments where possible and minimise the use of Cheques.</li> <li>• Operate a payment run process on the Authority's behalf.</li> <li>• The system should allow periodic payments to be set up over accounting periods and years based on specified dates and profiles.</li> <li>• Payments in advance should be made with subsequent automatic matching to invoices to avoid duplicate payments.</li> <li>• Invoices should have the facility to be partially paid or have scheduled part payments.</li> <li>• Remittance Advices should have the minimum facility to be distributed by printing, e-mail, electronic data interchange and via the internet.</li> <li>• Assist the Authority in meeting its Better Payment Practice Code requirements.</li> </ul>
F13	System	<ul style="list-style-type: none"> <li>• The production of payment runs should be based on key information (e.g. due date, supplier payment terms, etc.).</li> <li>• The system should prevent the duplication of; Suppliers, Order Numbers, Invoices and Payments.</li> <li>• Be compliant with HMRC Construction Industry Scheme (CIS) and make the appropriate payments to HMRC.</li> <li>• Ensure all invoices received by the authority are accrued at the end of the period.</li> </ul>
F14	Flags	<ul style="list-style-type: none"> <li>• Administrative flags or reason markers should be included against purchasing or payment transactions or suppliers (e.g. returned cheque, invoice dispute, supplier problems etc.).</li> </ul>
F15	Enquiries	<ul style="list-style-type: none"> <li>• The system should have an on-line enquiry facility to look-up supplier details purchasing and payment related transactions that links all related transactions and provides look-ups based on a range of information (e.g. supplier name and address, alternative names, values, unique references, sub-contractor etc.).</li> </ul>
F16	Registration & Authorisation	<ul style="list-style-type: none"> <li>• Register all invoices received onto the system.</li> <li>• Image all invoices received onto the system.</li> <li>• Provide a technological solution to automate the approval of invoices and credit notes in line with the Authority's Scheme of Delegation and Chart of Accounts Hierarchy.</li> <li>• Ensure all invoices and Credit notes are correctly authorised before payment.</li> <li>• The system should allow authorisation at all stages of the purchasing and payment process.</li> <li>• Activity, volume and other key data should be captured along with pure invoice information, other than through the use of pure narrative text.</li> </ul>

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		<ul style="list-style-type: none"> <li>• Invoices should have the facility to be processed by data being captured from direct manual input, scanned documents (OCR), e-mail, electronic data interchange, e-invoicing and the internet.</li> <li>• The supplier will match invoices to Purchase Orders and Goods Received Notes.</li> <li>• The system will have the ability to convert electronic purchase orders into electronic invoices using PO flip methodology or an equivalent.</li> <li>• The system will have the ability to code invoices to multiple account codes.</li> <li>• Identify and distribute electronically non-PO invoices to the relevant Budget Holder for authorisation.</li> <li>• Chase Budget Holders to ensure that invoices are paid in a timely manner.</li> </ul>
F17	VAT	<ul style="list-style-type: none"> <li>• Identify where VAT is recoverable using the current version of the HMRC COS rules.</li> <li>• The system will hold the relevant COS record against each invoice.</li> <li>• As an optional service the system should support the management of VAT in line with HMRC Contracted Out Services legislation and be able to produce the relevant reports to enable the Authority to complete its VAT return.</li> </ul>
F18	Supplier Maintenance	<ul style="list-style-type: none"> <li>• Maintain all supplier records on the Authority's behalf.</li> <li>• Ensure duplicate records are not created.</li> <li>• Have a robust process in place to ensure only supplier approved changes are made to Bank Account details.</li> <li>• All types of suppliers should be categorised within the system e.g. Foundation Trust, CCGs, NHS Trust, Local Authorities, Non NHS organisations and private individuals.</li> <li>• Ensure the system is configured to enable the Authority to take advantage of supplier discounts where appropriate.</li> </ul>
F19	Purchasing Functionality	<ul style="list-style-type: none"> <li>• The system should have the facility to manage multiple purchasing routes (e.g. official orders, petty cash, credit cards, direct unordered services (utilities), service and other contracts, formal tenders, etc.).</li> <li>• Contracts with suppliers should be managed by the system (e.g. call-off, schedule of rates, labour only, fixed rate, bulk purchase, service etc.).</li> <li>• The system should have the facility to allow for a single supplier to have multiple order addresses associated with it (for payment purposes).</li> <li>• Commitments and accruals should be managed automatically and in real time as part of the ordering, receipting, invoicing and payment process.</li> <li>• Orders should have the minimum facility to be distributed by printing, e-mail, electronic data interchange, electronic invoicing and via the internet. Electronic Purchase Orders(PO) should have the ability to be converted into Invoices using PO flip methodology or equivalent</li> <li>• Orders should have the facility to be partially receipted and partially matched to invoices.</li> <li>• End Users should be able to create GRN's in real-time.</li> </ul>



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### Accounts Receivable & Treasury Management

Ref	Title	Description
F20	Customer Maintenance	<ul style="list-style-type: none"> <li>• Setup and Maintain Customer's on behalf of the Authority.</li> <li>• All types of debtors should be categorised within the system e.g. Foundation Trust, CCGs, NHS Trust, Local Authorities.</li> <li>• The system should allow for different addresses and contact details to be set up for the person / organisations payments paying a debt and the person / organisation who is the actual debtor.</li> </ul>
F21	System	<ul style="list-style-type: none"> <li>• The system should allow invoices to be generated based on information passed electronically from operational feeder systems.</li> <li>• The system should have the ability to manage periodical income and automate the issue of invoices based on user-defined dates and frequencies (e.g. four weekly, monthly, quarter days, annually, half-yearly, quarterly and weekly).</li> <li>• The solution should offer invoice distribution options for the following; printing, e-mail, electronic data interchange and over the internet.</li> <li>• The system should manage income transactions (cash receipts) where there is no invoice.</li> <li>• The system should have the facility to manage multiple payment methods (a minimum of cash, cheques, BACS, standing orders, direct debits, credit and debit cards, Faster Payments and CHAPS).</li> <li>• Direct debits should be managed at both the invoice and debtor level and should manage the production of variation notifications.</li> <li>• Banked income should be recorded in the system through a single process referencing the transactions to the specific paying-in slip as well as any relevant invoices, even when miscellaneous income is also banked on the same paying-in slip.</li> </ul>
F22	Invoice / Credit Note Creation	<ul style="list-style-type: none"> <li>• Creation and distribution of invoices / credit notes from requisitions using a solution agreed with the Authority.</li> <li>• Enable users to attach backup to the requisition for onward distribution with the invoice / credit note to the customer.</li> <li>• Ensure invoices / credits are authorised in line with the Authority's Scheme of Delegation and SFI's.</li> <li>• Ensure invoices are accurately input into the system and coded to the correct subjective code.</li> <li>• The system should allow for template invoices to be generated and held.</li> </ul>
F23	Product File	<ul style="list-style-type: none"> <li>• Provision of a sales product file to assist users in correct coding and VAT treatment.</li> <li>• Maintain the product file.</li> </ul>
F24	VAT	<ul style="list-style-type: none"> <li>• Ability to apply the correct VAT type to the invoice lines e.g. Standard, zero-rated, exempt</li> <li>• Code VAT to the balance sheet for payment onwards to HMRC</li> </ul>

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		<ul style="list-style-type: none"> <li>• Provide reporting to the Authority to enable it to complete its VAT return.</li> <li>• Apply VAT correctly to all non-debtor income received.</li> </ul>
F25	Credit Control	<ul style="list-style-type: none"> <li>• Provide a credit control service to the Authority assisting the Authority to recover all income due in a timely manner and maximise cash flow.</li> <li>• Produce and distribute reminder letters and statements.</li> <li>• Chase customers for payment e.g. by phone or email</li> <li>• Raise queries with the requesting officer and chase resolution of them.</li> <li>• Provide the Authority with a list of items that need to be written-off or passed to an external agency for further action.</li> <li>• Write-off debts as agreed with the Authority.</li> <li>• Liaise with an external debt recovery agency on the Authority's behalf.</li> <li>• Agree instalment plans with debtors in line with the Authority's procedures.</li> <li>• Instalment plans should be set up for debtors against individual and multiple invoices.</li> <li>• The debt management facility should include a diary and note facility.</li> <li>• Debt recovery costs and interest should be charged to a debtor as they are incurred and should be automated where applicable for the particular customer types.</li> <li>• The system should calculate interest on outstanding debt.</li> </ul>
F26	Receipting	<ul style="list-style-type: none"> <li>• Receive and Bank Cheques received by the Authority.</li> <li>• Update the system with Cash, Cheques, Electronic payments and credit card payments received as agreed by the Authority.</li> <li>• Input non-debtor income into the system from Cash Sheets provided by the Authority.</li> <li>• Allocate receipts to relevant debtor and invoice where appropriate or for non-debtor income allocate to correct general ledger code.</li> <li>• Enable Authority's staff to receipt directly into the system as agreed with the Authority.</li> <li>• Issue receipts for payments received as agreed with the Authority.</li> </ul>
F27	Agreement of Balances	<ul style="list-style-type: none"> <li>• Distribute Statements (by e-mail) to debtors in line with the Agreement of Balances exercise.</li> <li>• Provide the Authority with a schedule of debtors.</li> </ul>
F28	Petty Cash	<ul style="list-style-type: none"> <li>• Setup and maintain petty cash floats.</li> <li>• Enable recording and coding of payments directly into the system by the Authority's staff.</li> <li>• Have the ability to submit payments via credit card machines or terminals</li> </ul>
F29	Bank Accounts	<ul style="list-style-type: none"> <li>• Maintain the Authority's bank accounts e.g. GBS, Commercial and Charitable.</li> <li>• Assist the Authority in maximising its cash flow and investment revenue.</li> <li>• Maintain the Authority's cash books.</li> <li>• Prepare cash flow forecasts on the Authority's behalf to agreed timescales. e.g. Daily, Monthly, Yearly.</li> </ul>

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		<ul style="list-style-type: none"><li>• Instigate payments on receipt of authorised instruction from the Authority.</li><li>• Reconcile bank accounts on a basis agreed with the Authority.</li><li>• Review and agreed actions with Authority's Finance Department for un-presented cheques</li></ul>
F31	Other	<ul style="list-style-type: none"><li>• Process payroll third party deduction payments.</li><li>• Payment of Tax, NI and Superannuation payments (NHS and Local Government).</li><li>• Co-ordinate banking via the Trust's Cashiering Departments, Security Courier and Finance Department.</li><li>• General adjustments should be appropriately managed within the system and matched appropriately to the relevant invoices.</li></ul>

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### Charitable Funds

Ref	Title	Description
F32	System	<ul style="list-style-type: none"><li>• Provision of a system to maintain the Authority's Charitable Funds.</li><li>• Ensure system is compliant with Charity SORP</li><li>• System should be able to interface with Authority's main accounting system to enable consolidation should legislation require.</li></ul>
F33	Income and Expenditure	<ul style="list-style-type: none"><li>• Provide all services referred to in the sections above.</li><li>• Process all transactions in accordance with the Authority's Charity Procedures.</li></ul>
F34	Reporting	<ul style="list-style-type: none"><li>• Ensure reporting functionality enables the Authority to interrogate the system.</li><li>• Provide reports to enable the Authority to produce Statutory Accounts for the charity.</li></ul>
F35	Management	<ul style="list-style-type: none"><li>• Maintain the Authority's investment register.</li><li>• Reflect investment movements in fund balances as agreed with the Authority.</li><li>• Distribute investment income to funds as agreed with the Authority.</li></ul>