



Bank Account and Payment Authorisation Policy

Document	Approved Bank Account and Authorisation Policy
Author	Jenny Hullock
Role	Financial Accountant
Owner	Nicola Davies
Approved by	President of Council - Mrs Carmel Booth
Approval by	July 2021
Review date	July 2024

Contents

1. Introduction

2. Bank Accounts

- 2.1 Overview
- 2.2 Opening Bank Accounts
- 2.3 Closing Bank Accounts

3. Bank Mandates

4. Payment Authorisation

- 4.1 Scope
- 4.2 Authorisation Thresholds
- 4.3 BACS
- 4.4 Same Day Payments (UK)
- 4.5 International Payments
- 4.6 Direct Debit

5. Deadlines for Payment Processing

- 5.1 BACS
- 5.2 Same Day Payments (UK)
- 5.3 International Payments

1. Introduction

This document provides the rules and instructions governing bank accounts and payment authorisation.

This document forms part of the University's Financial Regulations and compliance by all individuals associated with the University is mandatory and subject to audit. Failure to adhere to these procedures without the appropriate authority may lead to disciplinary action.

The Policy will be reviewed and updated on an annual basis.

2. Bank Accounts

2.1 Overview

All University bank accounts will be managed by the Central Finance Treasury Function.

The Director of Finance is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

All bank accounts should be formally reconciled on a monthly basis. The reconciliations should be reviewed by an authorised signatory or designated (or nominated) signatory (see section 3) and the review evidenced by signature. In all cases the preparer and the reviewer should be different members of staff. Once signed the paperwork should be saved in the relevant folder on the Finance drive.

2.2 Opening Bank Accounts

The opening of the new bank accounts will be administered by the Central Finance Treasury Function and authorised by the Director of Finance, who is the only person who may open a bank account in the name of the University, or one of its subsidiary companies. Such accounts may only be opened if they relate to activity that is to be accounted for in the University's consolidated financial statements.

All bank accounts shall be in the name of the University or one of its subsidiary companies. All cheques and finance instruments must be paid into an account that has been opened by the Director of Finance.

Under no circumstances should Departments open their own accounts to administer University funds.

2.3 Closing Bank Accounts

The closure of a bank account will be administered by the Central Finance Treasury Function and authorised by the Director of Finance, who is the only person who may close a bank account in the name of the University, or one of its subsidiary companies.

When a bank account is authorised for closure a final reconciliation should be produced.

2.4 Changes to an Existing Bank Account

In all cases two authorised signatories (see section 3) will be required to make changes to the account administration details and this will be reflected in the bank account set-up.

3. **Bank Mandates and Authorised Signatories**

A mandate will be prepared for each account held in the name of the University or its Subsidiary Companies.

The bank mandates will be reviewed on a quarterly basis to ensure they are up to date.

The Mandated signatories for each account will be the same and will contain the following authorised signatories:

- Director of Finance
- Assistant Director of Finance – Financial Accounting
- Assistant Director of Finance – Management Accounting
- All Financial Accountants
- Commercial Accountant
- Tax Manager

In addition, the Vice Chancellor will be a mandated signatory on the accounts held with the University's clearing bank.

When an authorised signatory leaves any of the above posts the mandate will be updated immediately with the person being removed from all accounts. Once the post is re-filled the new signatory will be added to all mandates.

4. **Payment Authorisation**

4.1 Scope

This Policy covers and is limited to the authorisation procedures over BACS, Barclays Internet Banking (Barclays.Net) and Direct Debit payments from university bank accounts.

4.2 Authorisation Thresholds

The University operates tiered authorisation limits:

- Payments below £25k can be authorised by one authorised signatory
- Payments over £25k need to be authorised by two authorised signatories

These limits apply to all payments regardless of the method of processing.

4.3 BACS

Authorisation Process

There are 3 distinct stages to the BACS process:

1. Sealing – This will be done by the area that initiates the payment e.g. supplier BACS the processing team, payroll BACS payroll team.
2. Signing – This will be done by one of the authorised signatories (see section 3)
3. Sending – If the total value of the file to be sent is below £25k the authorised signatory who did the signing phase will also complete the sending. If total file is above £25k this phase will be completed by a different authorised signatory from the signing phase.

The above process ensures adequate segregation of duties. Under no circumstances should the person reviewing and uploading the file be the same as the person authorising it.

The signatories who sign and send the payment should agree the payment total to the underlying remittance proposal or supporting documentation.

Internal Processing Responsibilities

To ensure the Central Finance Function is clear who should be processing the BACS payments the following hierarchy will operate in terms of who will initiate the processing of the BACS files:

- i. A Financial Accountant
- ii. Tax Manager
- iii. Commercial Accountant
- iv. Assistant Director of Finance – Financial Accounting
- v. Assistant Director of Finance – Management Accounting

Where one or more of the authorised signatories are absent arrangements should be made to ensure adequate cover is in place and staff are clear of their responsibilities in respect of processing BACS payments.

All BACS users are responsible for ensuring that their BACS system is operating correctly. Any problems should be reported to the Computing Services Helpdesk and communicated to the rest of the team.

Supplier BACS Payments

The University pays suppliers by BACS on a weekly basis.

All authorised invoices due for payment will be included on the BACS run.

The BACS run is generated from Agresso by the Processing Team. A sample of the proposed payments are reviewed by the Processing Team Leader (if absent the Processing Team Deputy) to ensure they reflect genuine University expenditure and agree to the underlying records supporting the payment. Any items that cannot be supported are raised with the authorising department and removed from the BACS run until adequate support is provided or query resolved.

Once the review has been completed the remittance proposal is prepared and the file uploaded into the BACS system and authorised in line with the authorisation process above.

Payroll BACS

Payroll BACS should be prepared by a Payroll Team Leader and authorised by the Payroll Manager prior to saving in the folder for the Central Finance Function to process.. In the absence of the Payroll Manager the Payroll Team Leader can authorise the BACS, but segregation of duties should be maintained by having a different preparer.

A notification should be emailed to finpay@liverpool.ac.uk to alert the Central Finance Team that the payroll file has been saved to the shared drive. This email account is monitored by the Processing Team and access is limited within the department.

On receipt of the adequately authorised and supported BACS payment request the payment will be processed.

Other BACS

Any other BACS files will be processed on an ad hoc basis in line with the segregation of duties and authorisation levels above.

4.4 Same Day and Faster Payments (UK)

In certain circumstances the University may be required to process a payment directly onto the online banking system as it requires urgent processing. The preferred payment method of the University is BACS (with the exception of payments that can be made by purchasing cards). The BACS process is more cost effective and the remittance procedures are built in. Barclays.Net has the option of sending same day or faster payments, these methods should only be used as an exception.

The options and current pricing structure is

- UK Same Day Payments £5.00
- Same Day Faster Payments £5.00
- Next Day Faster Payments £0.40

Any requests for a same day or faster payment must be sent to the Processing Team at processing@liverpool.ac.uk who will advise of the process and make an assessment as to which payment method is justified. Wherever possible a next day faster payment should be used as this is more cost effective. It should be noted that faster payments have a limit which is currently at £250,000, whereas same day payments do not have a limit.

All same day or faster payments will be processed via the Barclays Internet Banking (Barclays.Net) System.

Barclays.Net has built in segregation and authorisation parameters including:

- Designated user roles to allow differentiation between authorisers and inputters
- Built in segregation of duties. An individual who inputs a payment cannot also approve it.
- Built in authorisation limits. The system has the University authorisation threshold built into it and requires two authorised signatories to authorise payments over £25k.
- Secondary authorisation for the setup of recurring beneficiaries.

Any maintenance or amendment of system access or authorisation parameters within the Barclays.Net system also requires a second administrator to approve the changes.

All Barclays.Net users are responsible for ensuring that their system is operating correctly. Any problems should be reported to one of the Financial Accountants

4.5 International Payments

All payments in foreign currencies to either a UK or overseas bank account and all Sterling payment to overseas bank will be processed by the Central Finance Processing Team via the Barclays.Net system or an approved third-party provider.

Payments in Sterling will be made from the University's Main Sterling Account.

Payments in Euros will be made from the University's Euro Current Account

Payments in USD will be made from the University's USD Current Account

Payments in all other currencies (non Sterling, Euro and USD) will be made from the University's Main Sterling Account.

4.6 Direct Debits

Where payment by Direct Debit is an option e.g. Business Rates please contact the Processing Team (processing@liverpool.ac.uk) who will advise whether Direct Debit is a suitable payment method and assist in the set-up process.

All direct debit applications must be signed in line with the University Mandate (two authorised signatories) and include a cost centre and account code to charge the recurring payment to.

5. Deadlines for Payment Processing

5.1 BACS

All adequately authorised and supported BACS payments received by 2:30 pm will be processed on the day received.

Please note the minimum timescales for the payment via BACS into a bank account is two working days i.e. if the BACS file is authorised and sent on a Monday the earliest the payment will be in the payees bank account is the Wednesday or if the BACS is authorised and sent on a Friday the earliest the payment will be in the payees bank account is the Tuesday.

An exception to the above is the Monthly University payroll payments due on the 28th of the Month. A risk has been identified by the University that if the payment was left to the last available day and the BACS system went down this could mean the payment may not be with them by the contracted payment date. To mitigate this risk all Monthly Payroll Payments should be sent to Central Finance for processing by 2pm on the day before the last available submission date. This will allow time to resolve any BACS issues if they arise and ensure payment is made on time.

5.2 Same Day or Faster Payments (UK)

All adequately authorised and supported payments received by 2pm will be processed on the day received.

5.3 International Payments

International Payments are processed on a weekly basis. All International Payments processed onto Agresso by Wednesday 12pm will be processed as part of the week's international payment run.