

# Accounts Payable – Payment methods

## Sterling Payment Run

The majority of Accounts Payable payments are made via the weekly Sterling BACS run. Each vendor on the Purchase Ledger has the ability to hold bank details and the majority of our suppliers have UK bank details. Sterling invoices posted to a vendor with a sterling bank account are identified by SAP as they fall due and are included in the sterling payment run.

The sterling payment run takes place each Thursday with occasional variations for statutory holidays / year end – see the link on the following [page](#).

The BACS cycle takes three days and the supplier will receive their payment on the third day – the following Monday. Accounts Payable endeavour to post all invoices received by 1pm on the day but one prior to a payment run (1pm on Tuesday for a Thursday payment run).

## US\$ and Euro Payment runs

As a UK based institution, the University prefers to deal in Sterling, since other currencies involve extra work and incur extra costs. In line with [Financial Regulations FP15 \(Section 15.2.4\)](#), you may need permission from the Finance Director or Financial Controller for invoices in excess of £35k in foreign currency.

Accounts Payable undertake weekly US\$ and Euro payment runs. US\$ payment must be directly to a United States US\$ bank account and Euro payments must be to a Euro bank account. As with sterling suppliers – the foreign bank details are held in the vendor master data in SAP. There are some European bank details which cannot be held on SAP – please contact your [AP contact](#) if you need advice on this.

The US\$ & Euro payment runs take place each Friday, but scheduling might be amended without notifying all departments, therefore please check with your [AP contact](#) if you need to know when the next foreign payment run is. European transfers occur via the SEPA process which is a two day process, payment to the United States do not have a predefined time cycle. The charges for these payments are approximately £2 for a Euro payment and £6.75 for a US\$ payment.

We no longer have the facility to produce € cheques via this run – if you require a € cheque this will need to be requested via our intermediary bank (see notes 'For All Payments not in GBP, Euro's or US\$').

## US\$ and Euro bank accounts

In order for a US\$ payment to be included in the automatic payment run an Account number and SWIFT code is required and if provided a routing number. Automatic payment cannot be made via a US correspondent bank, these will be made via our intermediary bank (see notes 'For All Payments not in GBP, Euro's or US\$').

Euro transfers work on IBANs, these can be of variable length but generally the 1<sup>st</sup> two digits denominate country, followed by bank/ branch identification and account number. A SWIFT or BIC identifier is also required (between 8-11 digits long).

Please contact your [AP contact](#) if you need advice on the likely format of a US\$ or Euro bank account. GB bank accounts can have an IBAN therefore it is possible to pay Euros to a GB bank account via the Euro payment run as long as the IBAN is entered onto the master data within SAP.

#### For All Payments not in GBP, Euro's or US\$

Payment cannot be made to suppliers by automatic payment run if:-

- Invoices are to be paid in GBP to a non-UK bank
- Invoices are in any other currency than GBP, Euro or US\$
- Payment is to be made via an overseas correspondent bank
- Payment is to be made in € or US\$ draft

In the above circumstances payment will need to be made via our Intermediary Bank - Santander. This is a manual process, involving various approval stages. Departments should allow 5 working days between sending an invoice to AP and the instruction being sent to Santander.

There are two methods for these types of payments:-

1. Foreign Draft
2. By Electronic Transfer

Foreign Drafts are in essence cheques drawn on foreign banks in foreign currency. The cost for these is £2.50 per draft. We request foreign drafts in the absence of any bank details being provided or where specifically requested. The request will be sent to our intermediary bank. They will raise the draft and send back to Accounts Payable. This can take up to a week however there is no set timescale for when we receive the drafts back. The foreign draft will then be sent to the company along with a copy of the invoice. If a department requires the draft back to themselves then this should be clearly marked on the invoice.

Electronic transfers in other currencies are essentially the same as € or £ transfers, the cost for these is £5.00 per transfer. You will need to provide full details of the payees name, bank name, full bank branch address, branch code (if provided), bank account number, SWIFT/BIC code and/or valid IBAN (if relevant) for each and every payment request. For all payments made to Indian banks you will also need to provide an IFSC code in addition to the information above, this will need to be provided otherwise payment cannot be made. These should be provided on official stationary (e.g. an invoice) and not hand written. If you are unsure please check with your AP contact.

When requesting this method you should mark clearly on the invoice that this is the preferred method and provide a budget code for the charges (see below for Commission charges).

Electronic transfer requests will be sent to our intermediary bank. They will raise and send the transfer on our behalf, generally within 1-2 working days. However, we have no control over the time taken for the transfer to the beneficiary bank or to credit the beneficiary account.

Please also note that some currencies cannot be paid via our intermediary bank – in these instances the equivalent in GBP or US\$ will be paid. Please speak to your AP contact to check if the currency can be paid.

### Commission Charge and Exchange Differences

When payments are sent by our Intermediary bank, you should be aware there may be some exchange difference as well as a commission charge. The Intermediary bank will use the current day exchange rate which may/will differ from the exchange rate within SAP.

Overseas banks will take commission/admin charges from the funds received, which the University has no control over. These charges are taken before the funds are credited to the beneficiary account. It is not possible to give exact amounts as different banks receiving the funds will charge widely differing amounts (the outgoing charge is approximately £5). This is normal practice. We accept a similar level of charges when funds are received by the University.

If a budget code is not provided then these charges/exchange differences will be posted to the budget code used to post the invoice onto the vendor.

### Foreign Vendor Master Records / Purchase Orders

Vendor Master Records should be requested using the currency in which the invoice will be received.

Purchase Orders should be raised in the currency that the invoice will be received in. If the currency is not set up on SAP please contact Ann Rous (ext 22752) in Accounts Payable or Louise Ashley (ext 73769) to discuss alternatives.

Extra information on SWIFT, BIC or IBAN codes can be provided on request, or visit [www.apacs.org.uk](http://www.apacs.org.uk) or [www.swift.com](http://www.swift.com)