

Policies, Procedures, Guidelines and Protocols

<b>Document Details</b>		
<b>Title</b>	<b>Finance Procedure W4: Clearance of Suspense Accounts</b>	
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Local Ref (optional)		
Main points the document covers	Purpose of suspense accounts & the processes for clearing them	
Who is the document aimed at?	Finance staff	
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Approved by (Committee/Director)	Director of Finance	
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1	November 2012	Minor amendments to terminology
2	November 2015	Para 2: clarification about prompt clearance
3	December 2018	No Amendments
4	December 2021	No Amendments
5		

# Shropshire Community Health NHS Trust

## Finance Procedures

### Section W General Ledger W4 Clearance of Suspense Accounts

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#### 1 – Introduction

- 1.1 Within the General Ledger, a number of suspense accounts are used which either occur intentionally, where an approved suspense account is used as a form of control account, or unintentionally, if a failure of the system results in a transaction being unable to be completed.

#### 2 – Recharge accounts

- 2.1 A number of recharge account codes have been set up as part of the Chart of Accounts. These are used where amounts are paid/received on behalf of another organisation, creating a receivable or a payable. Either an invoice is raised, or a payment is made to clear these accounts. This should be in the same or the following month.
- 2.2 It is the responsibility of the person making the initial entry on the recharge code to ensure that it is cleared. As part of the reconciliation of control accounts (see Finance Procedure W3 – Control Account Reconciliations) any amounts that are uncleared will be identified and the appropriate person informed. If there is a reason why the amount cannot be cleared after a month, this is noted on the control account reconciliation.

#### 3 – Payroll deduction accounts

- 3.1 A number of payroll deduction account codes have been set up as part of the Chart of Accounts. These are used where amounts are deducted from salaries and then cleared by the payment of one sum to an external party e.g., the collection of pension contributions from employees by payroll deduction, for onward payment to the NHS Pensions Agency.
- 3.2 Pay Services raise payment requests either monthly or quarterly to clear these amounts. Again, as part of the reconciliation of control accounts (see Finance Procedure W3 – Control Account Reconciliations) any amounts that are uncleared will be identified and the appropriate person in Pay Services informed.

#### 4 – Error suspense cost centre (00000)

- 4.1 The ESR Payroll feed is currently the only external data feed into the General Ledger. The case may occur where a transaction is posted to an invalid account code i.e., where one of the account code segments does not exist. Within Oracle it is not possible for the feed to go in until all coding errors are corrected. If finding the correct code would cause a delay in processing the ESR feed into the General Ledger, the cost centre 00000 is used.

- 4.2 It is necessary to later correct these errors by transferring the value to its correct account code by means of a journal entry. Responsibility for clearing this cost centre in month is part of the monthly Report Production timetable.

### **5 – Unauthorised suspense accounts**

- 5.1 It is not acceptable to attempt to set up or use an existing or new account as a suspense account to temporarily deposit values whose full nature is not known at the time. It is essential, to maintain the integrity of the Chart of Accounts, the General Ledger, and the resulting budgetary control, that all income and expenditure is correctly identified and recorded at the time.

### **References & associated documents**

Report production timetable  
Control account reconciliations

Reviewed By \_\_\_\_\_

Date \_\_\_\_\_

Authorised By \_\_\_\_\_

Date \_\_\_\_\_