



Managing Finance in General Practice

A guide helping to inform new managers into General Practice

**General Practice
Task Force
Derbyshire**



Contents

NHS Income	3
What, when and how to claim.	3
Monthly claims for prescriptions	4
Administration task to consider	5
Non-NHS income	6
Invoicing & debt chasing	7
Dear Debt Chase Letter 1	7
Dear Debt Chase Letter 2	8
Invoicing procedures	8
Cash flow forecasts/projections.....	10
Financial year end.....	12
Year end checklist for General Medical Practitioners	12
Section 1	12
Section 2	14
What makes books and records easier for the accountant to work with at the year end?	14
GP personal expense claim checklist – this will not usually be completed by the practice manager, but by the partners themselves	15
The practice stock take	16
Payroll – avoiding the fines	18

NHS Income

What, when and how to claim.

A really important factor regarding your NHS income is:

- Knowing what to claim – which money comes automatically, which do you need to submit a claim for?
- When to claim it – monthly, 1/4ly, annually?
- Recording what you have claimed – keep a copy of all of your claims in your unpaid invoice file.

and

- Checking that the claim has resulted in a payment – take the claim out of your unpaid invoice file and match it up with the monies received and mark it paid.

Using the NHS income template provided in this workbook, at a glance you will see what has not been claimed or what has not been paid. The sooner you recognise that a payment has not come through, the sooner you will be able to chase this with the relevant body and ensure you receive the payment in the next monthly statement.

At this point in time, General Practice makes claims for NHS monies from 4 sources, but update this list with every change of contract or offer of Enhanced Service as this list will change:

NHS England

- CQRS (Calculating Quality Reporting Service –HSCIC)
- Direct Enhanced Services Claim Form e.g. Extended hours

CCG

- Local Enhanced Services
- Basket of Services (North Derbyshire)
- Locally Commissioned Services Framework (LCSF) (Southern Derbyshire)

Local Authority – Public Health

- Enhanced Services – e.g. Sexual Health, smoking cessation, substance misuse

Federations (e.g. Alexin)

- Enhanced Services – e.g. CVD health checks

Rather than give a checklist of how to claim on CQRS, this section of the booklet explains the general principles to stay on top of NHS claims. This booklet purposely omits to give specific deadlines and details of what to claim from where as this information changes with frustrating regularity. Instead, if you create your own documents from the templates provided, you will have a current schedule to work from.

An example of NHS claims schedule has been included in this workbook for you (Appendix 1). Copy this schedule and personalise it to your practice e.g. you may or may not offer smoking cessation services, vasectomies. A few examples have been filled in, but edit these to ensure they fit in with the schedule for your practice.

Against each item of NHS income, indicate where and how you claim the money and the frequency. Place a date in the appropriate cell to indicate whether you have or have not

made a claim for the money. This list now forms the foundation stone for you to monitor what claims have been made and, more importantly, paid.

When remittance advices arrive, check these off against your Open Exeter statements. If a remittance arrives with a reference starting DE0000, this will be an item that is detailed on your Open Exeter account. Log on and check out what the payment is for. It is important to know exactly what the payment is for to ensure you know what has been paid versus what has been claimed. In addition, one of the most helpful things you can do with your book keeping is to be clear about what each item of income is. If you record something as "Miscellaneous NHS income" that is not as clear as recording as "Quarter 4 Extended Hours payment". You know what the income is and the accountant can deal with the income in the appropriate section of the accounts. You can also check that you have received and recorded Quarters 1 – 3 of Extended Hours payments as well

When you come to reconcile your bank statement, remember that you may have received one remittance advice amount, but as the money has come from two different sources, the bank statement may show the amount as two separate entries. If you are not yet confident carrying out bank reconciliations, it is worth waiting until the second payment is shown on the statement before reconciling the bank. Delaying the bank reconciliation for one or two days will not be a problem unless this takes you beyond the year end. Even then, it is not really a problem; it just needs handling slightly differently. You will need to record that the payment has not yet been received as an un-presented item at the year end.

Monthly claims for prescriptions

Experienced managers will have a system set up for the process of making monthly claims, but the new practice manager needs to be mindful of this financial aspect of the practice. This is one area of practice finance where money is spent, but not necessarily always claimed back from the NHS when it can be.

This section of the finance booklet does not outline how to fill the forms in, please follow the link below to get the guidance from the Prescription Pricing Authority or follow the guidance on the reverse of the claim forms.

http://www.nhsbsa.nhs.uk/Documents/PrescriptionServices/140725_Claiming_for_High_Volume_Vaccines.pdf

As a surgery, drugs and vaccines will be purchased by the surgery and paid for by the surgery. Many of these will fall into the category of a drug that the expenditure, plus an administration fee can be reclaimed on a monthly basis.

The following items are allowed as personally administered and can therefore be reclaimed if the surgery has purchased them:

- Vaccines (including oral vaccines)
- Anaesthetics
- Injections
- IUDs
- Contraceptive Caps & Diaphragms
- Pessaries which are listed as Appliances
- Skin Adhesives as listed in the Drug Tariff
- Sutures and Skin Closure Strips (must be listed in the Drug Tariff)
- Diagnostic reagents (such as Dick Tests, Schick Tests and Tuberculin Tests)

N.B. There are some exceptions e.g. vaccines obtained from Central Supply, Yellow Fever and Japanese / Tick Borne Encephalitis which are not allowed to be claimed by a practice. Your practice should only claim for items which you have bought in and have dispensed. As you have not purchased items such as these or have charged the patient a private fee for the travel vaccines, you should not be claiming for it.

If you would like to discuss this further, you will need to contact your local Clinical Commissioning Group (CCG) as they may have a local payment available for just administering the item.

Please do not claim for these items below, it could be classed as fraud if you do.

The following items are not classed as personally administered so cannot be claimed by a prescribing only practice:

- Dressings / Swabs
- Catheters
- Nebules
- Hormone implants e.g. Implanon or Nexplanon
- Chemical Reagents

Dispensing Doctors can claim for these items, however as they are not considered to be personally administered and unless the patient is exempt from paying for prescriptions they must pay the relevant prescription charge.

Oxygen cannot be claimed by a practice, even in an emergency situation, as it is not listed on the GMS Statement of Entitlement.

The item will be processed as personally administered if, next to the PADM Indicator in the Product Information field of the item's pack, it states 'Attracts an administration fee.'

For full guidance about the products you can claim for, please see link below. This is a really useful section on NHS Prescription Services website to clarify if an item attracts and administration fee.

https://contactcentreservices.nhsbsa.nhs.uk/selfnhsukokb/AskUs_PS/template.do?name=What+can+my+practice+claim+for+as+personally+administered%3F&id=17299

Administration task to consider

Although it may sound time consuming, it is worth carrying out the check via the above link on all the medication and vaccines you purchase and identify which of those products can be claimed for and which not. Once you have the claimable items clearly identified, consider some internal method of highlighting to the clinical team that they need to produce an FP10 when using any of the items on a patient to claim the money back from the Prescription Pricing Authority *

*Remember you do not need to produce an FP10 for

- Influenza
- Typhoid
- Hepatitis A
- Hepatitis B
- Pneumococcal
- Meningococcal

As these are classed as high volume personally administered items individual FP10s do not need to be submitted. Instead the total number of these vaccines offered needs to be

entered into the claim form. If you do submit the FP10s rather than detail the totals on the FP34 PD (Appendix), the FP10s will be returned and the totals will need to be resubmitted to make the claim.

When making claims for large numbers of self-administered items, please remember to share the number of items out between each GP at the surgery. Once a GP has 455 items against their name in a monthly claim, the reimbursable amount for each prescription above that reduces on a sliding scale. The time of year when this is most likely to be a risk is when claiming for flu vaccines because of the high volume of items. For example, if you put 600 items against one GP and 200 against another, you will get a reduced reimbursement for the additional 145 recorded against the GP with 600 items. If each of the two GPs has 400 items allocated, then you will get maximum payment for the full 800.

Non-NHS income

Many surgeries will receive income from sources other than through the NHS. Prepare yourself a list of where your non-NHS income comes from. The following is an example list to start the process for you. This can be modified in order that it reflects the requirements of your practice.

Source of income	Action needed to receive payment
Medical Students	Invoice raised and sent to university. This is usually initiated by the university. Follow their guidelines for how the invoice needs to look. The university will have supplied a pro forma of what the invoice needs to include.
Private work e.g. insurance companies, solicitors	Raise an invoice to send to the company. It is useful with the insurance companies to ask for payment in advance. There are two reasons for this: <ol style="list-style-type: none"> 1. The insurance companies can sometimes take a long time to pay once they have received the report or medical records. 2. The insurance company may pay a lower fee than you are expecting if they have already received the report/records. Create a standard letter explaining that upon receipt of £XXX the report will be forwarded to the insurance company.
DS1500	Complete necessary forms ensuring the bank details of the practice are included.
DVLA	The DVLA will only pay upon receipt of an invoice. Review your system of these forms being filled in to ensure that invoices are raised and sent off. If you find some old cases where an invoice did not get sent, the DVLA are quite forgiving in that if you send the invoice along later you will still get paid.
Private letters paid for by patients	Make sure the patient is aware that there will be a charge for the service. It can be useful to get payment in advance. If not, you can be left with prepared paperwork that is never collected, and therefore not paid for.
Travel vaccines	Again, it can be useful to get payment for this service in advance to ensure the patient does not leave the premises without paying. This is especially important for some of the more expensive vaccines.
Cremation fees	It is useful to keep a schedule of the fees you are expecting for this service. As soon as you are notified that a GP has carried out a part 1 or 2 cremation service, raise an invoice and place the invoice in your

	unpaid invoice file. If the funeral director has paid the GP on the day and the GP brings the cheque into the practice, still raise an invoice, mark as paid with thanks and send to the funeral director.
DNA testing services	If this service is provided, the company sending the patients will have contacted you in advance to gather payment details to ensure the funds go directly into the bank account.
Research fees	An invoice will be raised at either time intervals or activity based invoicing. Check the payment schedule when setting up the study.

Invoicing & debt chasing

When an invoice for private work is created, make sure there is some record of the invoice, its number, value and date created. It is helpful to keep a file of unpaid invoices.

When an invoice relates to a patient, it can be useful to create an entry in the patient record that an invoice has been raised, using a read code for "bill/fee unpaid". Run your "bill/fee unpaid report" every month. This will allow monthly reports to be run to see which patients still have outstanding debts associated with them.

It is important that once a bill is paid, the read code is edited to now read "bill/fee paid". In addition, take the copy invoice out of the unpaid invoice file, enter the payment details in

your accounts package and file the now paid invoice in your paid invoice file, ready for the accountants at the year end.

There also exists a read code for "bill/fee administration". This can be useful if your GPs like to produce reports that they could charge for, but prefer not to. Every ¼ you could run the report and demonstrate how much time has been spent producing non-income generating work. It is however, good practice for the practice to be consistent in what is charged for and non-charging should be a real exception.

Although the majority of practice income comes from the NHS the source of non-NHS income still needs to be managed. You may have experienced bad debts in the past regarding non-NHS income.

It is important to have a routine and systematic approach to encourage your customers to make timely payments to the practice and any overdue payments should be followed up promptly. Once a system is set up, this can be dealt with by one of the administrative team with the manager regularly monitoring the process and its results.

Identify the fees that are overdue and send out the first chase letter. Phone calls can be used, but they can be time consuming and if you are delegating the role of debt chasing, staff members can be reluctant to make calls, but happy to send letters. In addition, when you telephone, the result is usually one in that somebody will need to look into the case and get back to you. A letter provides an audit trail from which an investigation can be made and the payment made to you. A suggested sample of the wording is overleaf – notice the letter is brief and factual. That is all that is needed.

Dear Debt Chase Letter 1

Reference:

Amount overdue:

Payment terms:

Reminder:

Our records indicate that we have not received your payment of £ for goods/services, as per our invoice no(s) (copy attached) , dated, due for payment on Please send your payment to reach us by , or let me know if you have a query. If you have recently paid this invoice, please contact me to confirm the details regarding your payment.

I look forward to receiving your prompt payment.

If the first letter does not prompt a response or payment within a month, resend, but this time being firmer in tone.

Dear Debt Chase Letter 2

Reference:

Amount overdue:

Payment terms:

Reminder:

Despite my letter of , our records indicate that we have still not received your payment of £ for goods/services, as per our invoice no(s) (copy attached) , dated, due for payment on

Please send your payment within 7 days to prevent debt recovery proceedings being put in place. If you have recently paid this invoice, please contact me to confirm the details regarding your payment.

I look forward to receiving your prompt payment.

If this approach fails, you may need to resort to making a claim through the small claim court.

Good luck! It is very satisfying when the bad debt is cleared.

Invoicing procedures

Practices may have payments to them delayed if their sales invoices do not include the correct information. If this happens, especially when invoicing other trusts or SBS services, the invoice will be returned for reprocessing. This causes a delay in the practice receiving payment or even worse, the task of correcting the invoice may be overlooked and the invoice not re-sent at all. This results in lost income for the practice.

Creating an invoice

An invoice requires certain details to be included. The following list is a guide of what to include in your invoices. An invoice template is included in Appendix 2.

The surgery name and address and the details of the partners in the surgery	It's important to know the name business/person who is requesting the money.
---	--

The name and address against whom the invoice is being raised	This is needed for your records to show who has paid their dues and who still owes the surgery money.
The fact that it is an invoice	Write the word invoice on the document, it needs to be clear that it is not a credit note.
Date of the invoice	In accounting terms this is called the tax point.
References	It is helpful to give each invoice a unique reference. This will often be given on a remittance advice. This is especially helpful with invoices to the NHS to ensure when a remittance advice arrives, you know which payment it is for. If the customer has supplied a reference, include that as well.
Purchase order number	If supplied, include this on the invoice
Full details of what the invoice is for	Give necessary details, names, services offered, relevant dates...
Totals and sub-totals	If the invoice is broken down into sections, provide sub-totals and an overall total.
Payment details	Encourage customers to pay on-line. Provide bank details on each invoice. Give payment details for payment by cheque, but encourage BACS payments. It reduces further paperwork for you, reduces the volume of post to be handled and keeps bank charges to a minimum.
Payment terms	Write details of when you expect to be paid by e.g. within 30 days
Contact details including e-mail address for remittance advices	It is best for the surgery that if there are any invoice queries the caller knows who to ask for.
A thank you message for their business	You may wish to add: "Thank you for your business" as a strap line on your invoice template.
VAT registration number	If the surgery is VAT registered it is necessary to include the VAT number on an invoice
VAT break down	If the surgery is VAT registered, it is good practice for the invoice to show the VAT breakdown e.g. Sub-total £100.00, VAT total @ 20% £20.00 Total £120.00 For the supply of most services if the invoice value is over £250.00 you are required by HMRC to show the VAT element separately. The following link will give you the full details. https://www.gov.uk/vat-record-keeping/vat-invoices
Company registration number	If the surgery is a limited company or LLP, by law the company registration number must be included on the invoice.

Cash flow forecasts/projections

This cash flow section of the finance workbook is divided into two sections. The first section explains about cash flow projections; the second section will give you the tools to have a go yourself.

Cash is the lifeblood of any business, and making sure you know how it flows in and out of the surgery account is vital to success. Plenty of profitable surgeries have been affected by unexpected cash flow problems, but by forecasting and planning your income and expenditure you can give yourself the best chance of success.

Cash flow forecasting sounds daunting, but with the right tools, is a straightforward process that effectively amounts to using available information to predict how much money you will have coming in and out of the surgery at any given point.

The most basic form of cash flow forecast is simply a spreadsheet listing income and costs on a monthly basis. Here are some helpful rules to follow when preparing a cash flow forecast:

1. **Be realistic**

The first rule of cash flow forecasting is to be realistic, sometimes even slightly pessimistic. A cash flow forecast is not worth the paper it's printed on if you are not sensible while predicting the surgery income.

Planning to be paid for the flu immunisations in September because you are planning a redecoration of the surgery in the same month could see the surgery bank account going over drawn. You know that the earliest you are likely to see the majority of cash for flu immunisations is November and possibly even December. Those are the months when that money comes in. Once you make the realistic adjustment in your cash flow, you may decide that the redecorating needs to wait or you negotiate with the decorator that they will not get paid until December.

2. **Remember the definition of income and cost**

The second rule for effective forecasting is to remember that an invoice/claim is not cash inflow until received and expenditure is not cash outflow until paid.

That probably sounds rather counter-intuitive, but it's all to do with when money enters and leaves your bank account. You may submit a claim for £10,000, but if you're not expecting it to be paid for 90 days, you have three months to wait until you have that money to make use of.

Similarly, you may buy some new staff uniforms for £1,000, but if you pay for it on a credit card or can delay payment, the immediate financial impact on your bottom line may not be quite so severe or immediate.

3. **Include every item**

The third rule is to include absolutely everything in your forecast. A missed postage expense here or a forgotten utility bill there may seem unimportant, but over 12 months these incidental expenses can add up. If cash flow for the surgery is tight, unplanned expenses are what can lead the surgery to be overdrawn. In the absence of an overdraft facility the bank may decline to honour some payments.

Get into the habit of including absolutely everything, and never compromise. If in doubt, enter it into the forecast. It is better to have accounted for an expense and not have to pay it than vice versa.

4. **Plan multiple scenarios**

A good portion of cash flow forecasting is guesswork. You can never know exactly what your income will be for a given period, especially for many months in the future.

Let's take an example - historically you have hit the 90% target for your childhood immunisations, but the practice nursing team are reducing their hours and you wonder if you may only hit 70% in the next year. Prepare two cash flow forecasts to highlight the impact on the bank account of both scenarios. Remember the income and expenditure side will need to be altered, one to reflect the fee for 70% target being hit and the other to reflect the reduction in payroll for the reduced nursing hours. This information can be useful to highlight to the partners the financial impact of workforce decisions made for the surgery.

5. **Factor in fixed and variable costs and income**

When you separate your costs into different categories, take some time to think about which are fixed and which are variable.

Things like loan repayments out and notional rent in will remain the same throughout the year, which makes forecasting that little bit easier. Other costs, such as heating or electricity bills, may vary seasonally, so factor these changes into your cash flow forecast. Some costs will be tied directly to your profits. Stock of flu vaccines, for example, will only need to be purchased if you intend to run flu clinics in the winter. Another example is, if you suddenly take on an increase in patient numbers, you may need to recruit more staff to meet demand.

It's important to remember that if you are predicting an increase in patient numbers, costs too may rise. Conversely, if you forecast a slowdown in your income, your costs may decrease slightly, but remember costs such as staffing are likely to remain static.

6. **Plan for seasonality**

Another important function of a completed cash flow forecast is to help you identify seasonality in your business and plan your finances accordingly.

It may be that the partners always take a drawdown in January and July to contribute to their personal tax bill. Make sure you take these figures into account. The cash flow forecast is a useful way of explaining to the partners if the amount they can take out from the account is lower than they expect. There might be a sum large enough in the bank account today, but because of some expenditure that is coming up in the near future, some of the cash needs to remain in the bank account to honour that payment. Be aware that different practices deal with drawings in a different way. The above is only an example.

In this workbook there are some templates for you to be able to populate to create your own cash flow forecast for the surgery (see Appendix 3). Once you have created the forecast, make a copy to use as an actual cash flow rather than a forecast. Each month, update the document with the actual figures. Compare the results to what you predicted. Is the month end bank balance what you expected? If yes, well done your forecasting skills were very good. If no, then make a manual adjustment of the balance to carry forward so that this gives you a more realistic picture of the future. Any variance of actual to forecast needs to be analysed e.g. why were you £5,000 out? If this was a one off, unexpected income from NHS England that is fine, you do not need to alter the remainder of your spreadsheet. If it

was an under or overestimate that will happen every month then you will need to make the necessary adjustments to give a more accurate projection of the future. An example could be that you have not factored in the annual increase in the defence fees for your doctors. This can make a significant difference to the outgoings on a monthly basis.

It is useful to present the partners with an updated cash flow forecast every quarter. This financial information can influence decision making for other aspects of managing the practice.

Don't be put off by thinking that the forecast is going to be a time-consuming task, once created it takes very little time to maintain it on a monthly basis.

Financial year end

The year-end can be a daunting time for the person preparing the books and records for the accountant.

Tip: never leave preparing the books and records until the year end. A little and often approach is the best way to keep on top of the book keeping. Aim to complete the bank reconciliation at least every two weeks, this way you will develop a discipline of keeping on top of the book keeping workload.

The following is a checklist of the information you need to prepare for your accountant at the yearend of your business. The list is in two sections. Section 1 includes the essentials; Section 2 lists the extra things that can contribute to keeping your accountancy bills down as they will reduce the number of hours the accountant spends preparing your accounts.

As you progress throughout the financial year, it is useful to be aware of what the accountant will ask for to enable you to set up the systems as you go along.

Keep a master of this list and print one each year as a reminder of what is required. Once completed, keep a copy of the completed list. This is useful to make it clear which

information is at the practice and which has gone to the accountant's premises (if applicable). In some practices the accountant will carry out the work on the practice premises and not take anything other than copies away with them.

Year end checklist for General Medical Practitioners

Section 1

	Supplied – please tick	Details
1.		Where records are computerised, a back-up of the data, before any year end procedures have been carried out. Please provide details of the version number of the software package and any passwords needed to access the data. Back-ups of your accounting software taken onto memory sticks or sent via e-mail are usually the most helpful.
2.		Where records are not computerised, all cashbooks and any summaries or analysis schedules prepared by the manager.

3.		Bank/Building Society/credit card statements or passbooks for all accounts held by the practice. This is for any deposit accounts as well as the current accounts. Electronic versions of these are acceptable. Please supply statements that give information to include two weeks before and two weeks after the year end.
4.		Supply all year end bank reconciliations for each account. Print off any reconciliation reports from the accounting software. If the accounts are computerised, make sure your print off includes a list of the un-reconciled bank items as soon as the reconciliations have been prepared and before any post year end items are reconciled.
5.		Check book stubs and paying in slips. If these cannot be released then prepare a spreadsheet of the details which includes: date, details, cheque/paying in slip number, value and tick whether they have been presented at the bank/cleared on the bank statement by the year end.
6.		Provide copies of any loan or finance agreements taken out during the financial year along with any statements at the accounting year end confirming the balance outstanding.
7.		Monthly GMS2/PMS statements from the paying authority for the whole of the accounting year. Please also include copies of the statement for the three months following the year end. PDF copies downloaded from Open Exeter are acceptable.
8.		The summary of the final GMS/PMS budget for the year ended e.g. 31 March 2015 and 31 March 2016 if available. Look on Open Exeter for this information.
9.		Where applicable/requested, details of partners' seniority allowances for all four quarters falling into the accounting year.
10.		The GMS practice summary statement received quarterly showing updated list sizes. This can be downloaded from Open Exeter.
11.		Drug reimbursement statements for the whole accounting period plus copies of the statements for three months following the practice year end. PDF copies downloaded from Open Exeter are acceptable.
12.		CQRS reports detailing QOF Achievement and Analysis of domains in terms of both points score and monetary value, including the annual statement.
13.		Details of any expenses paid directly by the CCG/NHS England e.g. Business rates, water rates.
14.		Details of all grants/reimbursements received or due with regard to capital expenditure during the year.
15.		Details of any income owed to the practice at the accounting year end e.g. income from insurance companies or other private fees. This is called a debtors' schedule.
16.		Details of any monies owed by the practice at the end of the accounting year i.e. purchase invoices relating to the period up to the yearend, but not paid until after that date. This is called a creditors' schedule.
17.		<p>A valuation of stock of drugs/vaccines held at the yearend:</p> <ul style="list-style-type: none"> • If the practice is not VAT registered, the stock should be valued at cost to the practice inclusive of VAT • If the practice is VAT registered, the stock should be valued at the cost exclusive of VAT. • Delegate the counting to a member of the nursing or administration team. Create a master schedule for the item numbers to be entered into – an example template is included in this finance booklet (see Appendix 4)

18.		Petty cash records and confirmation of the amount of cash in hand at the year end.
19.		If the practice is VAT registered provide copies of all VAT returns for the year and details of the partial exemption calculations made during the year.
20.		Copies of any expenses invoices paid during the year.
21.		Details of monthly wages/salaries and staff superannuation scheme contributions identifying salaried GPs, trainee doctors and nursing staff. Include copies of P11 deductions working sheets.
22.		Indicate any changes and give dates of any surgery ownership changes (where the premises are owned by the medical partnership)
23.		Written confirmation of any changes in profit sharing ratios or arrangements that have taken place since the beginning of the accounting year.
24.		Supply details of the number of sessions provided by each GP including salaried.

Please refer to separate checklist in relation to Personal Expense Claim information for the GPs.

Section 2

What makes books and records easier for the accountant to work with at the year end?

- A logical set of sales invoices either in date order or transaction number order (the number your bookkeeping software allocates every time you make an entry)
- A logically stored set of purchase invoices either in date order or transaction number order (the number your bookkeeping software allocates every time you make an entry)
- A logically stored set of NHS statements either in date order or transaction number order (the number your bookkeeping software allocates every time you make an entry)
- Nothing listed as miscellaneous/general/suspense in the books and records. In the finalised accounts, the accountant needs to specify where every amount of money has come from or gone to. To avoid a long list of queries from the accountant, it is better to be specific and record as e.g. canteen supplies, rather than general surgery expenses.
- Consistency in how income and expenditure is recorded. Use the memory function on your bookkeeping software so that e.g. every amount of expenditure on locums has the same description.
- Being consistent year in year out is important to enable expenditure and income from last year to be compared with income and expenditure from this year. If you have categorised items differently, then the comparison is not easily possible.
- Have you carried out a thorough income and expenditure check? e.g. if you know that there is a monthly bill that the surgery has to pay, are there 12 items of expenditure in the books and records? Similarly, where quarterly receipts of income expected, are 4 shown in the books and records. For either income or expenditure if the number of transactions is different to what is expected, what is the explanation? This is a useful

check to carry out to make sure that you have not missed out on any payments due to you.

GP personal expense claim checklist – this will not usually be completed by the practice manager, but by the partners themselves

For the year ended xxxxx

Please detail the expense paid by you, NOT those borne by the practice.

Motor Vehicles – please detail the cars you use for business purposes.

	Make & model	Registration number	CO2 emissions	Business use %
Car 1				
Car 2				

The business use % should be based on the ratios resulting from a mileage log undertaken throughout the year.

Change of vehicle

Cost of new vehicle – please provide a copy of the invoice plus any finance agreement taken out.

Disposal proceeds of old vehicle – please specify the vehicle sold and sale proceeds or part exchange value.

N.B. the amount of tax relief you can claim for your vehicle is dependent on the CO2 emissions. Please liaise with your accountant if you are thinking of changing your vehicle to ensure you are aware of any tax implications from your choice.

Motor expenses £

Fuel	
Insurance	
Road tax	
Repairs & servicing costs	
Breakdown recovery costs	
Car loan/HP interest – provide copy of agreement	
Car hire	
Cleaning & valeting	
Parking fees – business related only	

Ideally these expenses will have been paid for through a credit card account. If so, please supply statements.

Computer expenses

	£	Business use %
Internet/broadband costs		
Consumables & software costs		
Anti-virus & maintenance costs		

Telephone costs

	£	Business use %
Mobile telephone costs		
Home telephone costs		

You may be able to include home rental costs if it is a dedicated business line

Tick to indicate information supplied	
	Professional subscriptions. Please indicate the amounts paid to professional bodies – e.g. MDU, MPS, GMC, BMA, RCGP etc unless paid through the practice account
	Where fixed asset additions have been financed through loans or HP/finance agreements, please supply copies of all loan account statements and leasing agreements.
	Flexible Mortgage statement. If you have used the facility on a flexible mortgage to finance the purchase of Motor Vehicles or other business assets, please supply a loan certificate or bank statements for the year.
	Bank interest. Please supply details of the interest charged on any loan to purchase the surgery premises.
	Secretarial (salary to spouse) Please note your spouse must be paid his/her salary, preferably through the practice bank account into their personal account.
	Spouse's employee pension scheme. Please supply details of the pension company and the premiums paid. Please also confirm if the pensions are index linked. Please note this must be
	Courses and conferences. Cost of attending, plus any associated travel or accommodation costs.
	Textbooks, journals and periodicals
	Locum costs & Insurance – if this cost is not covered out of the surgery account please supply the following details: <ul style="list-style-type: none"> • Locum insurance premiums, including name of insurance company. (Please do not include Critical Health or Permanent health Insurance premiums as these are NOT tax deductible) • Payment for locums • Any amounts received from locum insurance claims.
	Use of house <ul style="list-style-type: none"> • Specific claim. If specific rooms are being set aside at your home please provide details of the running costs for your home e.g. council tax, water rates, insurance, heat & light, repairs & maintenance and cleaning expenditure. (There may be a Capital Gains Tax implication with this claim) • General claim. Based on an estimate per week.
	Equipment costs. Include the date and amount for each item purchased during the year, also include any repairs to equipment paid personally.
	Ensure that you have hard copies of your computerised accounting records for 8 years and have mileage logs for the last 7 years.
	Any other expenses. If there is any additional expense you have occurred that you think could be relevant to claim, please include the details.

The practice stock take

What is it?

The process of counting and recording the amount and value of stock held by the practice at a given point in time – usually the year end but can be carried out more frequently.

Why stock take?

- It will indicate how much of your cash is tied up in stock and lets you assess if you can reduce stock levels to keep more cash in the practice.
- It will assist you in ordering replacement stock more accurately.
- It will minimise wastage of items reaching their expiry date or being damaged by poor storage.
- It will supply you with a key financial figure necessary to calculate your gross margin and your practice's performance.
- It will be needed if there is a change in partnership. The exiting partner will want to be suitably reimbursed for any stock they have already paid for and the incoming partner will not want to pay more for the stock than it is worth.

How to Stock take**1. Know what you need to count and value.**

Regular stock takes are usually for the reasons outlined above. Therefore you are counting and valuing all of your direct cost stock items. They are the items that you use and can't re-use after an event has occurred e.g. an injection is given. In a practice it will include medication and vaccines purchased, treatment room supplies, products for consulting rooms e.g. couch roll, but would not include furniture or medical equipment which appear on the balance sheet as fixed assets. On a less regular basis it is a good idea to do consider the value of your fixed assets to ensure your contents' insurance coverage is adequate.

2. Establish your recording system.

You can set up a simple stock taking system in your practice by taking the following steps and using the simple stock take template.

Every stock taking system requires some focus and hard work at the beginning, because you need to populate the system with all of your stock lines.

Step 1. List your stock lines in logical groups linked to how you run the practice and in a language that everyone in the practice will understand. Then list the stock lines within these groups in alphabetical order.

Step 2. Create a simple spreadsheet or use the example template supplied with this workbook.

(Appendix 5).

Step 3. Establish what a 'unit' is for each stock item.

You need to establish what you are going to call a 'unit' of each stock line and then be consistent in the use of this measurement. e.g. each vaccine will count as one item, but cotton wool balls would be counted in bags, not each ball.

3. Stock take time

This is important because you want the consistency to get an accurate handle on stock movement and gross margin value. As a minimum you need to carry out the process at the year end of the practice.

4. Where do I start to count?

One of the potential weaknesses in any stocktake is that someone has missed something in the count, so here is a top tip that will help you to avoid this - don't start at the top of your stock list and work your way down, start at the back of your cupboard and work your way to

the front and as you count stock you populate your stock list. If your stock list is alphabetical you will find the items easily.

5. Who should stock take?

Train some of your team members to undertake the stock take. This will speed up the process and give them an interest and understanding of the importance of stock management. The easiest way to do it is to divide the premises into sections with each team member counting in a section and then all figures being collated at the end to pass to the Practice Manager/pass to you.

Payroll – avoiding the fines

There are currently three areas where a fine could be imposed on surgeries in relation to payroll services. Even if you do not run your own payroll it is important that you are aware what needs to happen and by when.

The three areas currently to be aware of are:

1. Monthly payments to NHS Pensions
2. Monthly payments of Income tax and National Insurance to HMRC
3. Submission of Real Time Information data to HMRC

1. Paying the NHS Pension contributions on time.

The Pensions Advisory Service states that:

- Managers and Trustees of pension schemes are responsible for making sure contributions to the pension scheme are made and made on time.
- If the scheme does not pay its contributions, it needs to take steps to recover missed or late payments quickly and efficiently.
- Any major failures to pay contributions must be reported to the Pensions Regulator. The regulator may fine the surgery scheme if it does not pay the correct contributions on time.
- In the case of fraudulent evasion to pay contributions to the scheme contributions, this is an offence and may be fined or subject to a custodial sentence.

There is a record of your GP1 submissions on the NHS on-line system, but there can be a time delay in recent transactions being entered. The schedule below is helpful to keep a record of when you have made the arrangements to pay the pension contributions. Keep a copy of this in your payroll file and be disciplined about filling in the details.

Tip: Either complete the GP1 online at the same time as processing the monthly payroll if cash flow will allow this or, build in an electronic reminder to bring to your attention when the GP1 needs to be submitted.

NHS Pension payment schedule

Please note, for the following table to be useful in future years, the dates will require updating.

Contribution Month	Recommended processing date – No later than 3pm	Payment due by	GP1 Submitted

April 2016	Monday 16 May 2016	Thursday 19 May 2016	
May 2016	Tuesday 14 June 2016	Friday 17 June 2016	
June 2016	Thursday 14 July 2016	Tuesday 19 July 2016	
July 2016	Tuesday 16 August 2016	Friday 19 August 2016	
August 2016	Wednesday 14 September 2016	Monday 19 September 2016	
September 2016	Friday 14 October 2016	Wednesday 19 October 2016	
October 2016	Tuesday 15 November 2016	Friday 18 November 2016	
November 2016	Wednesday 14 December 2016	Monday 19 December 2016	
December 2016	Monday 16 January 2017	Thursday 19 January 2017	
January 2017	Tuesday 14 February 2017	Friday 17 February 2017	
February 2017	Tuesday 14 March 2017	Friday 17 March 2017	
March 2017	Wednesday 12 April 2017	Wednesday 19 April 2017	

2. Monthly payments of Income tax and National Insurance to HMRC

Please see below an extract from HMRC's website at the following link. <https://www.gov.uk/running-payroll/paying-hmrc>

3. Paying HMRC

Every month you have to pay HM Revenue and Customs (HMRC):

- the tax and National Insurance (and any other [deductions](#)) you owe as reported on your [Full Payment Submission](#) (FPS) in the previous tax month
- minus the reductions on any [Employer Payment Summary](#) (EPS) you sent before the 19th in the current tax month

Pay what you owe by the 22nd of the month (or the 19th if paying by post) - you may have to pay a penalty if you don't.

You may be able to pay quarterly if you usually pay less than £1,500 per month - contact HMRC's [payment enquiry helpline](#).

Create a schedule to record that the payment to HMRC has been arranged on time. If you are paying by on-line banking methods, please ensure the reference you use includes the Employer's PAYE Reference which may look something like 123/A12345. In addition, whichever method you use to pay the PAYE and NIC it is important to add to the Employer's PAYE Reference the tax month and year being paid for. Without this information, HMRC may not allocate the payment to the correct period and this can be time consuming to resolve.

The tax months are as follows:

2016 -2017

Pay month	Tax month
April 2016	1701
May 2016	1702
June 2016	1703

July 2016	1704
August 2016	1705
September 2016	1706
October 2016	1707
November 2016	1708
December 2016	1709
January 2017	1710
February 2017	1711
March 2017	1712

So, the reference on the payment may look something like:
123/A12345 1702

4. Submission of Real Time Information data to HMRC via the Full Payment Submission (FPS)

Please note you need to send the FPS on or before the employees' pay date. If you submit this information late, HMRC have the right to impose penalties.

	Where to claim from e.g. CQRS, NHS England	Frequency of claim e.g., 1/4ly, monthly	Deadline for claim	Apr-16	May-16	Jun-16
Anticoag new level 4B - Initiation - new patient						
Anticoag new level 4B - Initiation - restart						
Anticoagulation new level						
Anticoagulation new level home visit - 1st 2 pats						
Anticoagulation new level 4 home visit - Not acrd -1st 2 pats						
Basket of Services (BOS)						
Care home ES						
Childhood imms 2-year olds						
Childhood imms 5-year olds						
Childhood imms PCV & Hib Men MMR catch up						
Dementia DES						
Extended hours payment	NHS England	1/4ly	Currently 14th Month following 1/4 end			
Flu over 65 or "at risk"						
General rates -reimbursed						
Gondorelins register						
HPV						
Implanon insertion						
Implanon removal						
Implanon replacement						
Insulin initiation						

IUCD insertion						
Learning disability annual check						
Meeting attendance	Raise invoice to SBS giving meeting code reference	As and when				
Pertussis						
Pneumo over 65 or "at risk"						
PPA drug payments	PPA	Monthly	By 5th of month following month end.			
PPA prescribing fees	PPA	Monthly	By 5th of month following month end.			
QOF Aspiration (CRQS)						
QOF balancing up payment						
Rotavirus						
Shingles						
Training - Students	University	At end of placement	Upon receipt of advice notice from University			
Training CPD Grant awards	Deanery	Annualy	Liaise with the Deanery			
Training grant - registrars	NHS England	Monthly	Ensure a K4 form is submitted when a new registrar starts			
Unplanned Admissions						
Water rates						
Winter Pressures funding						

Your Surgery Name**INVOICE**

Address
 Address 2
 Postcode
 Phone/Fax Number/e-mail address

Add the partners names either at the footer of the invoice or include in the address details here.

SOLD TO:
 Person
 Company Name
 Address
 City, Postcode

INVOICE NUMBER
 INVOICE DATE
 YOUR ORDER NO. / REF
 PURCHASE ORDER NUMBER
 CONTACT NAME Name

If VAT registered the invoice must include your VAT registration number

If the surgery is a Limited Company or LLP the invoice must include the company registration number

	Give full details of what the invoice is being raised for		
		SUBTOTAL	
		VAT @ given %	If VAT is applicable, if not delete from invoice template altogether
		TOTAL AMOUNT TO PAY	

PLEASE MAKE PAYMENTS TO:

Bank Name
 Account Name
 Account Number
 Sort Code

PAYMENT TERMS : PAYMENT IS DUE WITHIN XXX DAYS OF INVOICE DATE

THANK YOU FOR YOUR BUSINESS

