



National Audit Office

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watchdog

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## NAO EXPENSES AND INVOICING SYSTEMS AND PROCEDURES

Thank you for your request of 15<sup>th</sup> August 2023 to the National Audit Office (NAO) in asking for information on the current systems and processes used by the National Audit Office on Expenses and Invoicing. Your request was considered in accordance with the terms of the Freedom of Information Act 2000 (FOIA).

I confirm that we hold the requested information within the scope of your request. Our responses have been provided in **Annex A**, under each question from your original request.

**Annex B** sets out the steps you may wish to take if you are not satisfied with the way we have handled your request.

Yours sincerely

**NAO FOI Team**



## Annex A

### Request for information about 'The current systems and processes in place around expense and invoice'

*(Your request is in italics below along with our responses in bold)*

#### Expenses

1. *What finance system do you use?*

**Certinia formerly known as FinancialForce**

2. *What system do you use to manage and process your staff's expenses?*

**Certinia formerly known as FinancialForce**

3. *What is the expense process?*

- **A user will complete an online expense form**
- **On submission of the claim, it is routed electronically to the appropriate manager for approval.**
- **When the claim has been approved it is routed electronically to a member of the Finance team for payment**

4. *How many expense claims were made in FY22/23? And what was total value of expense claimed in FY22/23?*

**Two thousand and fifty-eight claims were paid to the value of £154,201.61**

5. *Can you submit expenses remotely?*

**Users can submit their claims remotely if they are using National Audit Office issued laptops**

6. *How are you claiming VAT on mileage?*

**We do not make any claim for VAT in respect of the costs of using private cars for business travel**

7. *Do your staff have to deduct commute from mileage?*

**Our travel policy follows HMRC guidelines in employees can only be reimbursed for travel costs from their home to a temporary place of work (such as a training venue or client site) if the journey is significantly different from the regular commute. HMRC interprets this as a common sense rule with reference to both distance and direction of travel. We retain the right to review and query each travel claim in relation to a temporary place of work. We would consider this principle applies equally to mileage claims**

8. *What percentage of expense claims are you auditing?*

**All expense claims are subject to approval by a project manager. The NAO's Finance team performs additional checks on any claims in excess of £500, as well as a sample of 10% of all claims submitted**

9. *Which department is responsible for managing the expense process?*

**The Finance team**

10. *Do you have full autonomy for managing your organisation's expense policy and process? If not, which organisation oversees this?*

**The NAO is an independent organisation funded by Parliament. The level of this funding is approved by the Public Accounts Commission, to which the NAO is accountable for its spending. The NAO's Executive Team has authority to approve the NAO's expenses policies within this framework**

11. *How many FTEs (full time employees) do you have processing expense claims?*

**There are no NAO employees whose role solely consists of processing expense claims. Different people are involved at various stages of the process, including the claimant submitting a claim on the system, the project manager reviewing and approving or rejecting the claim, Finance staff arranging for payment of the claim and additional checking activities as referred to above. We do not hold information on the total amount of time spent by individuals on these activities**

12. *What is the average time to reimburse your staff's expenses?*

**Our target is to pay expense claims within five working days from when a claim is approved**

13. *How are you reporting on expense spend, PSA expense types and scope 3 emissions reporting?*

**We track spend against budgets and report via our reporting portal using various technologies such as Tableau, Microsoft Business Intelligence and Power Query. We also use Certinia standard reporting. Expense types have been configured in the system so that we can track costs against these types. Information on our emissions is available within the 'Our environmental impact' section of the NAO's Annual Report and Accounts 2022-23 (pages 86 to 89)**

### **Invoices**

1. *What system do you use for managing/processing invoices?*

**Certinia formerly known as FinancialForce**

2. *What is your current invoice process for handling supplier invoices, from receipt to when it is posted in the ERP/finance system and ready for payment?*

- **When the goods/Services are received a staff member identify on the project as being best placed to receipt the related goods or services will logon to Certinia and indicated via the system how much has been received net.**
- **Once the invoice is received into Finance the Finance team will input the details into Certinia and the system will complete a three-way matching process.**
- **Once matched a Payable invoice is created and posted in the Certinia accounting package. It will then be picked up on the next available payment run**

3. *How many invoices were processed in FY22/23?*

**Two thousand, four hundred and eighty-seven**

4. *How many FTEs (full time employees) do you have in your accounts payable team who process invoices?*

**There are no NAO employees whose role solely consists of processing invoices. Typically, around two staff members will have the main responsibility for this function at any one time**

5. *What percentage of invoices were paid late in FY22/23?*

**91% of invoices were processed within 30 days in FY22/23. The remaining 9% were paid after 30 days due to various issues including invoices in dispute with the supplier and invoices received without a purchase order quoted**

6. *Do you use Optical Character Recognition (OCR) to scan invoices?*

**We do not use Optical Character Recognition software**

7. *Do you have to manually validate the scanned invoices from the OCR capture?*

**We do not use Optical Character Recognition software**

8. *Do you currently have a PO system or a non-PO system? If you use both types – what is the percentage of PO invoices vs. non-PO invoices*

**We use a PO system**

9. *Are you claiming VAT on invoices? If so, are you doing this in-house?*

**Yes, we do claim VAT on some of our invoices. We calculate how much we can claim in house, but we use an external supplier to upload the information to the tax office**

10. *How are you currently reporting on invoice spend?*

**We track spend against budgets and report via our reporting portal using various technologies such as Tableau, Microsoft Business Intelligence and Power Query. We also use Certinia standard reporting**

## **Annex B**

### **Statement of Policy**

Our policy is to respond to requests made under the Freedom of Information Act 2000 as helpfully and promptly as possible, having regard to the principles set out in the Act. I therefore hope you are happy with the way we have handled your request. If you are not, then you should take the following steps.

In the first instance, within 40 working days, write to the National Audit Office Freedom of Information (FOI) Team at [FOI.requests@nao.org.uk](mailto:FOI.requests@nao.org.uk) or by post to:

FOI Team, Green 2, National Audit Office, 157-197 Buckingham Palace Road, London, SW1W 9SP.

The Head of FOI will arrange a review, which will be conducted by a senior member of staff who was not involved in decisions relating to your original request. Once the review has been completed, we will write informing you of the outcome. If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The primary way of escalating your concerns to the Information Commissioner is at: [www.ico.org.uk/foicomplaints](http://www.ico.org.uk/foicomplaints). Alternatively, you can contact the ICO at [Contact us | ICO](#) or Information Commissioner's Office Wycliffe House Water Lane Wilmslow Cheshire SK9 5AF.