Standard operating procedure

Title: Identification of vendor late payments and processing of accrued default interest		
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1. Purpose

The purpose of this SOP is to define the responsibilities of the financial actors involved in the identification of late payments and processing of interest due.

Pursuant to Article 77 of the Financial Regulation applicable to the budget of the European Medicines Agency (FR) and Article 73 (1) of its implementing rules (IR), the validation, authorisation and payment of expenditure must be carried out within set time limits, as specified in Article 72(1) of said rules.

In addition, Article 73(4)(b) of the implementing rules to the Financial Regulation stipulates that the creditor is entitled to interest on expiry of the above time limits, which shall be payable for the period elapsed from the calendar day following expiry of the time limit for the payment up to the day of payment.

The interest lower than or equal to EUR 200 shall be paid to the creditor only upon a demand submitted within two months of receiving late payment. The interests above EUR 200 shall be paid automatically.

2. Scope

This SOP applies to the financial actors involved in the procedure of identification and processing of late payments. This SOP does not describe handling of payments within the deadline of time limits (30 days).

3. Responsibilities

It is the responsibility of each initiating agent, verifying officer and (delegated/sub-delegated) authorising officer to comply with this procedure. The responsibility for the execution of a particular part of this procedure is identified in the right-hand column of section 9.

It should be noted that this SOP is intended only for exceptional cases where interest for late payment is due.

4. Changes since last revision

New SOP.

5. Documents needed for this SOP

SAP report: ZFI_PAYMENTS_INT – listing all late payments including interest amounts accrued (for A-FI use only)

6. Related documents

Regulations and rules of application:

Regulation (EU, Euratom) No. 966/2012 on the financial rules applicable to the general budget of the Union:

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:298:0001:0096:EN:PDF

Commission Delegated Regulation (EU) No 1268/2012 on the rules of application on the financial rules applicable to the general budget of the Union:

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:362:FULL:EN:PDF

Financial Regulation applicable to the budget of the European Medicines Agency:

http://www.ema.europa.eu/docs/en_GB/document_library/Other/2010/10/WC500097682.pdf

Implementing rules to the Financial Regulation applicable to the budget of the European Medicines Agency:

http://www.ema.europa.eu/docs/en_GB/document_library/Other/2010/10/WC500097683.pdf

Standard operating procedures:

Handling invoice payment within deadline of 30 days (rapporteurs and inspectors payments):

http://emeaplus/EMEAPlus_Documents/IQM/IQM_Manual/SOPsWINs/General/SOP_EMA_0134.pdf

Handling invoice payment within deadline of 30 days (standard payments):

http://emeaplus/EMEAPlus_Documents/IQM/IQM_Manual/SOPsWINs/General/SOP_EMA_0135.pdf

SAP manuals:

Change of baseline date in MM invoices/payment requests:

http://emeaplus/EMEAPlus_Documents/Planning_and_reporting/Budget/SAP/Financial matters - SAP/SAPmanualchangeofbaselinedateinMMinvoices.doc

Change of baseline date in FM invoices/payment requests:

http://emeaplus/EMEAPlus_Documents/Planning_and_reporting/Budget/SAP/Financial matters - SAP/SAPmanualchangeofbaselinedateinFMinvoices.doc

SAP reports:

FBL1N: calculates number of due days in arrears

ZFI_PAYMENTS_APP: allows initiating agents and other financial actors to analyse payment times

7. Definitions

A-FI: Finance and Budget Department

A-FI-ACC: Accounting Service

A-FI-BUD: Budget Service

A-FI-VFO: Verification Office

AO: authorising officer (delegated, sub-delegated), staff member with budget responsibility
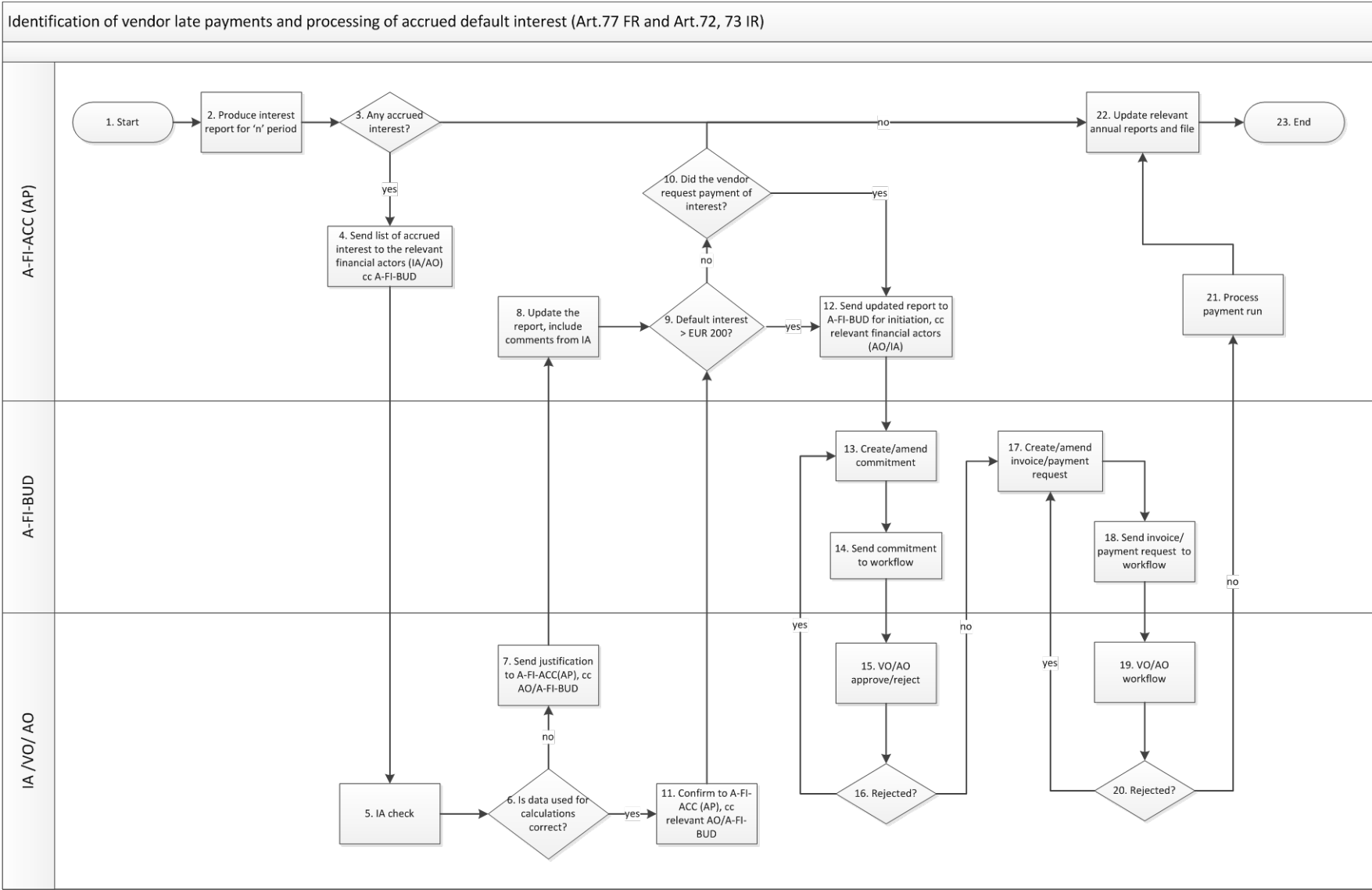
AP: accounts payable, part of A-FI-ACC where payments are processed

IA: initiating agent, responsible for the preparation of payment transactions

VO: verifying officer, responsible for conducting ex-ante verification of all financial transactions

Creditor: a person or a company to whom money is due except the Member States or similar public bodies or entities.

8. Process map(s)/ flow chart(s)

Identification of vendor late payments and processing of accrued default interest (Art.77 FR and Art.72, 73 IR)

9. Procedure

Step	Action	Responsibility
1.	• start of the procedure	
2.	• produce report on interest for "n" period	A-FI-ACC (AP)
3.	• check if there is any default accrued interest • default interest accrued, go to **STEP 4** • no default interest accrued, go to **STEP 22**	A-FI-ACC (AP)
4.	• send list of default accrued interest to the relevant financial actors (authorising officers/ initiating agents), cc A-FI-BUD	A-FI-ACC (AP)
5.	• check if data used for calculations in the report is correct	IA
6.	• data correct, go to **STEP 11** • data not correct, go to **STEP 7**	IA
7.	• send justification to A-FI-ACC (AP) within 5 working days, cc authorising officer and A-FI-BUD	IA
8.	• update the report for "n" period, include comments from IA	A-FI-ACC (AP)
9.	• interest > EUR 200, go to **STEP 12** • interest ≤ EUR 200, got to **STEP 10**	A-FI-ACC (AP)
10.	• check if the vendor requested payment of interest within 2 months of receiving late payment • payment requested, go to **STEP 12** • payment not requested, go to **STEP 22**	A-FI-ACC (AP)
11.	• confirm to A-FI-ACC (AP) within 5 working days, cc authorising officer and A-FI-BUD	IA
12.	• send updated report to A-FI-BUD for initiation, cc relevant financial actors (authorising officer/initiating agent)	A-FI-ACC (AP)
13.	• based on the report from A-FI-ACC(AP) create/amend a commitment • FM transactions (staff/delegates) – funds commitment • MM transactions – purchase order • make a reference in the text field to the original invoice number	A-FI-BUD
14.	• send commitment to the workflow	A-FI-BUD
15.	• verify the commitment	VO/AO
16.	• if approved, go to **STEP 17** • if rejected, got to **SPTEP 13**	
17.	• create/amend invoice/payment request linked to the relevant commitment • FM transactions – payment request • MM transaction – invoice • in the invoice select document type **ZI Invoice – Interest** (details tab)	A-FI-BUD
18.	• Send invoice/payment request to workflow	A-FI-BUD
19.	• verify the invoice/payment requet	VO & AO
20.	• if approved, go to **STEP 21** • if rejected, got to **SPTEP 17**	
21.	• process payment run	A-FI-ACC (AP)
22.	• update relevant annual reports and file	A-FI-ACC (AP)

Step	Action	Responsibility
23.	• end of the procedure	

10. Records

Original paper records should be kept by A-FI-BUD initiating agent (file 08.414 Individual budget items/Interest)