

# THE LITTLE BACS GUIDE TO MAINTAINING ACCURATE PAYMENT DETAILS

The essential guide for HR and payroll professionals to ensure records are up-to-date and Bacs Direct Credits are paid to the correct account

## INTRODUCTION

We understand just how important it is for HR professionals and payroll providers to maintain current and accurate payroll records. In this guide we show you the steps to follow to ensure your records are up-to-date, your Bacs Direct Credits are paid to the correct account and help you minimise failed payments.

Created specifically for operational payroll and HR teams, this guide will help you address some of the perceived barriers in updating records, identify the key personnel to communicate to and help you recognise the most common areas where processes may break down.

The content is based on the Service User's Guide and Rules to the Bacs Direct Credit Scheme (a resource for organisations providing all the information about what they need to do to use the Bacs Direct Credit Scheme), with a specific focus on processing and acting on AWACS advices (Advice of Wrong Account for Credit Service). It has been produced in collaboration with payroll professionals, payroll software providers, service users and the Chartered Institute of Payroll Professionals (CIPP).



## COLLECTING AND ACTING ON AWACS MESSAGING REPORTS

### When do you need to update account details?

There are several reasons why the account details (sort code and account number) of a beneficiary (the person a Bacs Direct Credit is intended to be paid to) might need to be updated. For example, if the person chooses to switch their payment service provider (PSP) using the Current Account Switch Service (CASS), or if their sort code and / or account number is changed by their PSP due to changes within that organisation.

In these instances, the beneficiary's PSP will credit the payment being sent to the recipients account and will send you a notification (known as a messaging advice) giving you the correct account details to be used for future payments.

### What are messaging reports?

Messaging reports containing messaging advices are produced by the secure Bacs Messaging Service, a central service used by all PSPs, to advise service users of information relating to payments sent via the Bacs service. You can be confident the information included

on a messaging advice is correct and that it has been delivered securely. This specific messaging report is called an AWACS report; Advice of Wrong Account for Credits Service.

It is a mechanism by which the beneficiary's PSP advises you the recipient's account details have changed and that you need to update your records to ensure any future payments are correctly processed.

### Why should you collect and action reports?

As a user of the Bacs services (known as a service user) it is important you maintain the integrity of your data. This guide does not cover your wider legal and regulatory obligations relating to Bacs Direct Credits, such as the application of the Data Protection Act 1998 or the Payment Services Regulations 2017. However, all service users should be aware of their responsibilities relating to these and any other legal and regulatory requirements, such as the need to keep personal data accurate and up-to-date.

An AWACS advice **must be collected and actioned by a service user within 3 working days** of the date the advice is made available (for further details refer to the Service User's Guide and Rules to the Bacs Direct Credit Scheme).

We strongly recommend that changes communicated in an AWACS advice are applied immediately to avoid the risk of misdirected payments. Failure to do so is a breach of the Service User's Guide and Rules to the Bacs Direct Credit Scheme and may result in:

- a payment to an employee not being successful
- future payments being delayed in reaching a beneficiary or being returned unapplied (unpaid)
- additional work for the person sending the payment (known as the remitter) when handling returned payments
- complaints from the beneficiary.



## COLLECTING AND ACTING ON AWACS MESSAGING REPORTS

### How do you collect reports?

AWACS advices are made available in the form of a messaging report via Payment Services Website (PSW). Depending on your arrangement with your software provider reports may also come to you automatically via your software, if not, you need to log in to via the PSW and download them directly.

The Primary Security Contacts (PSC) or Additional Contacts (AC) in your organisation will have access to the PSW and be able to download reports.

It is possible to set up email notifications to your organisation's PSCs or ACs to provide an alert when new reports are available. Email notifications can be set up by a PSC via the PSW.

We have prepared a number of **helpful tools** demonstrating the step-by-step process to collect messaging reports. This also includes a list of all reports that are available for you to access.

The screenshot shows the BACS Payment Services website dashboard. The top navigation bar includes the BACS logo and the text 'PAYMENT SERVICES'. A breadcrumb trail at the top right reads 'Home << Where am I?'. A left-hand navigation menu lists various options: Home, My details, Contact maintenance, Bank reference data, Service users, Organisations, Submissions, Processing reports, Online collection service, Reports, Operations, Control, Worklist, Solution suppliers, Submission activities, Qualification plans, Activity log, Security activity log, Submission ref data, Archiving, Act on behalf of, PEM for Payments, PEM for AUDDIS, System notice, Account Switch Service, and Log off. The main content area features a 'WELCOME TO PAYMENT SERVICES' heading. Below this, there is a 'LAST LOG ON' section with a photo of a woman at a laptop, stating 'You last logged on at 10:24 on 21/06/2018' and a prompt to 'To continue please select an option from the main menu or choose from the notices below'. A 'NOTICES' section includes a photo of two men at a desk and lists 'Check non-processing dates' and 'View service window deadlines'.

## WHO SHOULD COLLECT AND ACTION REPORTS

### Roles and responsibilities

The process for making payroll payments can be a complex chain across a number of IT applications between multiple business functions both within an organisation and externally i.e. HR, payroll and / or a bureau (if used).

The key stakeholders and their roles are shown in the table opposite.

Stakeholder	Role
Service user	<p>The service user (usually the employer) is authorised (known as sponsored) to use the Bacs Direct Credit service and is the entity making payroll payments. It is the service user's responsibility to ensure advices are downloaded from the Payment Services Website (PSW) and to make sure these are acted on in line with the timescales in the Service User's Guide and Rules to the Bacs Direct Credit Scheme. Steps should be taken to update the records held so the integrity of payment data is maintained and an employees' personal information is correct.</p> <p>Depending on a service users arrangement with their software provider reports may be received automatically via their software, if not, they need to log in to PSW and download them directly.</p> <p>According to an organisation's set-up the HR team, payroll provider or bureau (if used) may download and action advices. But often recipients of AWACS advices are not those ultimately responsible for acting on them, so it is the service user's responsibility to ensure the advices are directed to the correct recipients for prompt action.</p> <p>An employee may or may not have initiated the change of account details. The employee may have chosen to switch their PSP using CASS, in which case they should be aware a change will be needed. However the change may be as a result of a branch closure or a merger – and the change might not have taken place recently, so an employee may not be aware an amendment to their details is required.</p> <p>If your organisation uses a self-serve HR application you may need to consider embedding a layer of communication into your processes to inform employees of the need to log in and update their details themselves.</p>
Beneficiary	<p>The beneficiary (usually the employee and account holder) is the individual to whom payroll payments are being made.</p> <p>Some employers operate a self-serve HR application accessed only by their employees, placing the responsibility of updating account information entirely on employees. For some service users this may be a key point of failure. As the AWACS advice is received from a PSP you may wish to amend your communication processes to notify the beneficiary of the change. Doing so may improve your overall data quality as the beneficiary will have an understanding as to why their details have been altered and why the changes need to be applied to their records.</p>

## WHO SHOULD COLLECT AND ACTION REPORTS

### Roles and responsibilities

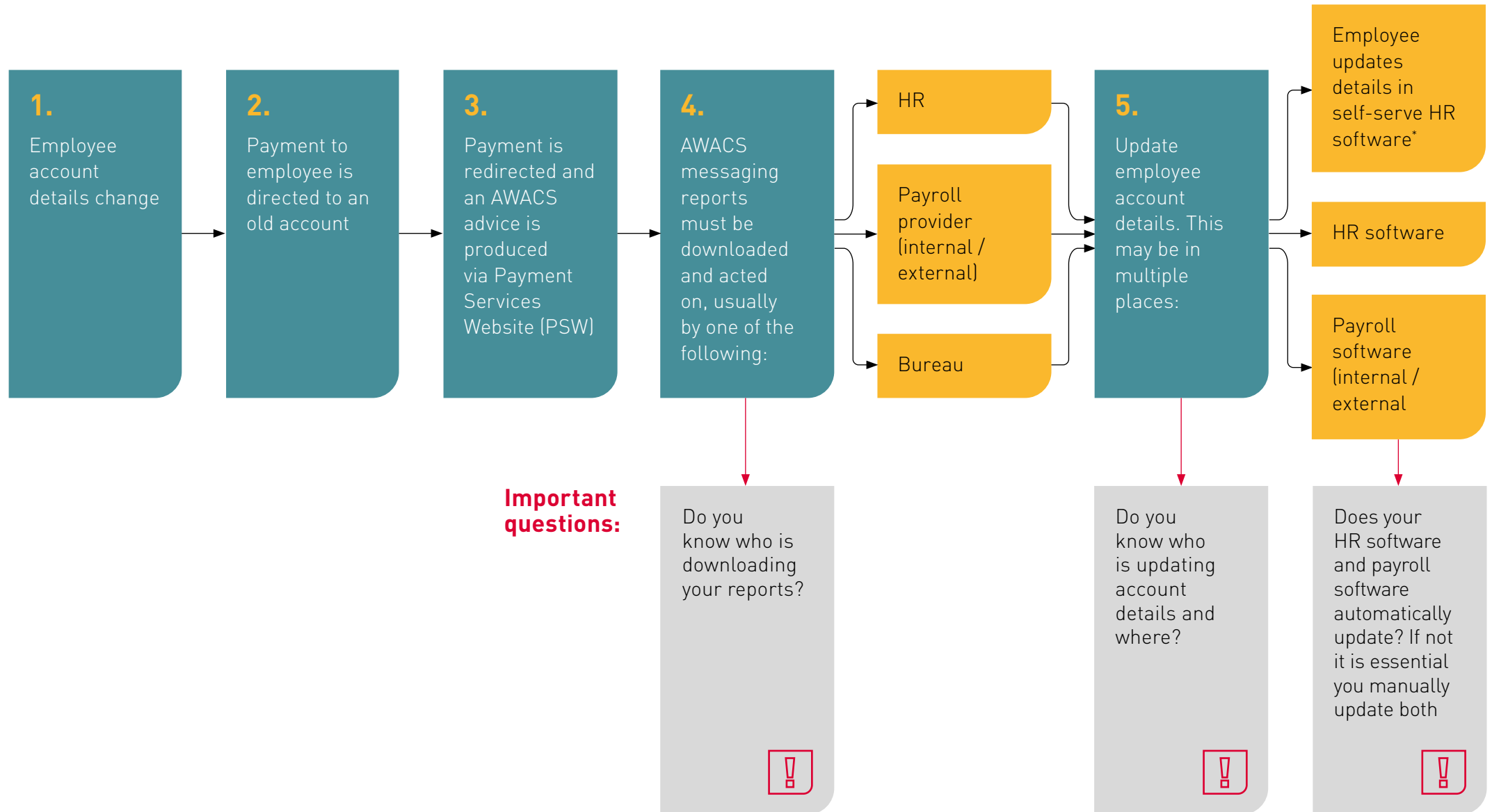
The key stakeholders and their roles are shown in the table opposite.

Stakeholder	Role
Bureau (if used)	<p>A bureau is a third party organisation contracted to send payments to Bacs on behalf of a service user which uses the Bacs service.</p> <p>Some bureaux are contracted to collect and action reports on behalf of a service user and others are not, this is entirely down to the individual contractual arrangement between the two parties. Often when service users engage a bureau there is a lack of clarity about which party should be collecting and taking action on advices.</p> <p>If you use a bureau we strongly recommend you clarify whether they will be collecting and actioning advices on your behalf or if that is something your organisation should be doing. Whilst the operation of some / all the processes may be contracted out to a third party it remains the responsibility of a service user to ensure the requirements of the Service User's Guide and Rules to the Bacs Direct Credit Scheme are adhered to.</p> <p>It is therefore your responsibility to ensure advices are acted upon regardless of who is actually taking action on them.</p>
Beneficiary's PSP	<p>The beneficiary's PSP is the PSP receiving payments via Bacs to be credited to the beneficiary's account.</p>

Do you know who is downloading and acting on your advices? Remember it's your responsibility to ensure they are acted upon regardless of who is carrying out the task.



## PAYROLL PROCESS OVERVIEW



\*In large organisations many employees update their account details in a self-serve HR programme. However it is still essential that you are ensuring account details are then updated in your payroll software. We advise you to log in to PSW and download AWACS messaging reports to ensure all are acted on.

## BEST PRACTICE GUIDANCE TO HELP YOU AVOID SOME COMMON PITFALLS

### 1 Ensure your reports are directed to the correct processing teams

Speak to your Bacs software provider as they *may* be able to configure your AWACS reports to be automatically collected and forwarded via email directly to the appropriate recipients for action.

### 2 Make sure both your HR software and your payroll software records are updated

If there is not an automatic update between your HR software and payroll software, make sure you have a manual process in place so records are updated in both places.

### 3 Check your PSCs have access to PSW

Are their contact details current? Contact your sponsoring PSP if your PSCs don't have access to PSW. If your PSCs have changed or their contact details are now different, request your sponsoring PSP to make the changes to ensure continued access.

### 4 If you use a bureau make sure you know who is acting on advices – is it the bureau or should it be you?

Often, service users think their bureau is acting on advices on their behalf when this is not always the case.

Speak to your bureau and clarify who should be taking action on advices; you or your bureau. It is your responsibility to know who should be taking action on these in line with the contractual arrangements you have with the bureau.

### 5 Be aware an AWACS advice is sufficient authority for an employer to update account information

**It is however best practice for an employer to advise an employee that the account details have been updated.**

You do not need to contact the payer to confirm the details provided in the AWACS advice. Receipt of an advice is the only authority needed to make the change.

### 6 Don't miss any AWACS messaging reports

Why not try logging receipt of all your Bacs messaging reports using the unique sequential A0SN referencing which is assigned to each individual message record.

This reference can be found in the summary heading of each messaging report as an A0SN number range and also as a unique reference to the right on each of the data records in it.

### 7 Ensure you are aware of when any AWACS messaging reports are available

Your PSC's can set up email alerts on PSW to notify them when new reports are available to download. Consider doing this to ensure reports are not missed.

### 8 Automate if your AWACS advice volumes are too high for manual processing

Seek guidance from your software supplier, some IT applications can be set up for automatic processing from your Bacs software directly into your back office systems, leaving you with just any failed exceptions to handle manually.

#### Further information

[www.bacs.co.uk](http://www.bacs.co.uk) ⇨

[www.bacs.co.uk/collectingreports](http://www.bacs.co.uk/collectingreports) ⇨

For helpful guides and a video to demonstrate the step-by-step process to collecting and actioning your reports.

[www.bacs.co.uk/bdc-sugr](http://www.bacs.co.uk/bdc-sugr) ⇨

For the Service User's Guide and Rules to the Bacs Direct Credit Scheme.

[www.bacs.co.uk/suguidebacstelip](http://www.bacs.co.uk/suguidebacstelip) ⇨

To find information about updating your contact details.

[www.bacs.co.uk/littlebacsbook](http://www.bacs.co.uk/littlebacsbook) ⇨

For essential advice to follow when using the Bacs service.