

Policy Title	Purchasing and Payments Policy
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Policy Summary	The purpose is to set a framework within which Council acquires goods and services and makes payments to suppliers and other payees in order to effectively and efficiently manage its finances and deliver its corporate strategy, in line with its risk appetite.
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1.0	Head of Finance	Mar 2024	Finalisation for Committee

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Chapter 1: Purchasing and Payments Policy Statement

Introduction

Council processes around 20,000 payments each year across 2,800 different payees amounting to around £50M. 80% of these are for less than £1,000.

Chapter 1 of this document is policy and subject to Council approval. The remaining chapters are processes and subject to periodic management review.

Policy Objectives

1. Define the process for making purchases and payments
2. Set target for paying suppliers
3. Provide management information for effective financial management
4. Move to mobile, paperless transaction processing
5. Comply with legal requirements as set out in LGFA 2011 and good practice

Policy Statement

Council aims to pay 95% of its suppliers within 30 calendar days of receipt of a valid invoice and 85% within 10 working days using a paperless payments system.

Purchase orders should be completed and approved for all purchases before placing the order, except electricity, water, rates, gas, telephone charges, those paid by direct debit and those paid by credit, debit or purchasing card, in order to comply with good practice and provide sufficient information for effective financial management.

Purchases may be made online when this provides a value for money option. A purchase order number should still be quoted where possible. If payment by invoice is not an option payment may be made using a Council credit or purchasing card, on completion of the appropriate form.

Purchases paid for by direct debit, should have a Council direct debit approval form completed prior to being set up.

Small purchases may be made by employees and will be refunded through the Core Expenses system, on submission of a completed expense report and accompanied by a valid receipt.

Payments will be made at least once per week by BACS for at least 50 weeks per annum.

Advance payments will only be made if:

- there are acceptable methods of obtaining a refund should non-delivery occur (eg. credit card payments or written contractual arrangements); or
- there are extenuating circumstances. In this case permission must be obtained from the Head of Finance before an order is placed requiring payment in advance.

Urgent payments will be made in extenuating circumstances with the permission of the Head of Finance.

Grant payments should have a unique reference attributed to them, to assist with the prevention of duplicate payments.

Authorisation for purchases is delegated as follows:

Purchases up to (excl VAT)	Minimum Grade
£1,000	6
£3,000	PO1
£10,000	PO4
£30,000	PO11
Unlimited	DO4

No one individual should be responsible for requesting an order be placed, approving that order, placing it and receiving goods, even when the purchase is within the above limits.

New suppliers and grant payees will be set up only on completion of a standard council form.

Changes to standing data should be by means of an appropriately completed standard council form and bank detail changes verified by another method, in line with good practice.

Standing data will be cleansed after 2 years of inactivity and will require the new supplier process to be completed before the account may be reactivated.

Borrowing decisions will be made in line with the Treasury Management Policy Statement and periodic payments made on the foot of these arrangements will be approved by the Head of Finance.

Related policies

Reference	Title
123	Procurement
311	Budgeting
63	Grants
284	Anti-fraud, bribery and corruption
286	Asset Management
290	Treasury Management Policy Statement

Assistance

Should you have any queries regarding this policy and any other ordering and payment queries please contact supplier payments at supplierpayments@ardsandnorthdown.gov.uk

Chapter 2: Overview of Responsibilities

Segregation of Responsibilities

To ensure that adequate levels of internal control are in place, the responsibilities of ordering, receiving, authorising and paying for goods, services and works supplied to the Council must be separated as far as is reasonably and practically possible. There should be no instances where one officer is the only officer involved in all stages of the purchasing process.

It is the responsibility of Heads of Service and Service Unit Managers to ensure that segregation of duties is applied where possible.

Service Area Responsibilities

Responsibility for raising purchase orders for goods, services and works supplied to the Council lies with relevant Heads of Service or Service Unit Managers.

Service areas are therefore required to undertake the following duties:

- raising of purchase orders for goods and services, including compliance with Council procurement requirements (procurement guidance can be found [here](#));
- authorisation of purchase orders prior to the placing of the order;
- coding of expenditure;
- receiving delivery of goods and services and recording on electronic system;
- checking and matching supplier invoices to purchase orders, when automatic matching fails and timely approval of invoices;
- Determining the employment status of individuals before issuing a purchase order, in order to comply with HMRC rules.

Finance Service Responsibilities

Responsibility for the payment of all supplier invoices for goods, services and works supplied to the Council and for maintaining information in relation to supplier payment days lies with the Finance Service.

The Finance Service is therefore responsible for the following duties: -

- setting up new suppliers on the Council's financial system;
- registration of all invoices received directly from suppliers on the Council's financial system;
- ensuring the correct VAT treatment and calculation;
- authorising supplier invoices for payment once invoices have been approved by Service Units;
- maintenance and monitoring of supplier payment days.

Chapter 3: Suppliers and Payees Database

Controls around the maintenance of the supplier and payees database in order to prevent supplier fraud and to facilitate the Council meeting its statutory reporting responsibilities.

Existing Suppliers

Purchases should be made from established Council suppliers, where possible. This reduces the likelihood of fraudulent activity and the amount of administration for both Services and the Supplier Payments Team.

Change of details will only be processed when notified on an official Council change request form, which is available for download [here](#) from the Council website. These controls are in place to prevent supplier fraud.

Please contact the Supplier Payments Team, if unsure, to confirm whether a proposed supplier is currently on our database.

New Suppliers

When purchases are to be from a new supplier, these must be set up on the suppliers database on the financial management system so as a purchase order can be completed. The supplier must complete a Council new supplier request form which is available for download [here](#) from the Council website. These controls are in place to prevent supplier fraud.

Grant Payees

New grant payees must complete a Council new supplier request form which is available for download [here](#) from the Council website.

Chapter 4: Ordering of Goods and Services

Once the relevant procurement procedure has been followed and the appropriate approvals have been received, the process of purchasing can begin.

Self-employed or Employed status

In order to comply with HM Revenue and Customs rules it is essential that Service Units determine whether the contractual arrangements that they are intending to enter into with individuals should be regarded as self-employed (paid by invoice) or employed (recruited through HR and paid by electronic Core timesheet).

This status can be determined by completing an online questionnaire available on the Gov.uk website [Check employment status for tax - GOV.UK \(www.gov.uk\)](https://www.gov.uk/check-employment-status-for-tax).

Exceptions to Raising Purchase Orders

Purchase orders are not required to be raised for the following:

- utility contracts electricity, water, rates, gas and telephone charges
- direct debits [here](#)
- grant payments (refer to the Council Grants Policy [here](#));
- internet purchases or payments made with the Council credit card where a supplier account cannot be set up e.g. Amazon and similar (use the internet purchase request form [here](#));

Purchase Orders

A Council purchase order must be completed on the electronic purchase ordering system by an appropriate officer for every supply of goods, services or works to the Council, except for those listed in the section below.

Fully completed purchase orders must be authorised by an Officer from the Council's approved list of authorised officers prior to the order being placed. The Supplier Payments Team publish a list of all authorisers [here](#).

All suppliers must be provided with an official purchase order number and emailed a copy of the order, if requested.

Suppliers must send all invoices electronically to p2p@ardsandnorthdown.gov.uk.

A hard copy invoice will only be accepted in extenuating circumstances or from suppliers whom have a valid reason for not being able to submit electronically.

Online system

Purchase orders should be completed using the online form available. The style of this form differs for each of the following types of purchase:

- payment by direct debit
- internet purchase requiring payment by card
- agency staff request
- all other purchases.

The whole form must be completed before an order number is generated; this ensures that all information required has been provided.

Coding

All income and expenditure must be assigned to an accounting code to enable it to be appropriately recorded on the financial management system and managed by budget holders.

Expenditure should be coded to the most appropriate accounting code and NOT only to codes which the budget holder has budget allocated to. If the purchase is better coded to another budget holder's budget, the purchasing officer must liaise with them before placing the order.

The chart of accounts is available on ANDi [here](#) to assist with allocating the appropriate accounting code.

Authorisation

The supplier payments team maintain a register of all authorisers. This is available on the Finance ANDi site. Changes to this list must be requested by email from the appropriate budget manager (Service Unit Manager, Head of Service or Director).

The online system has a built-in work flow which directs the purchase order to the appropriate authoriser.

Where the most appropriate Officer is not available to approve expenditure, approval must be sought from the most appropriate Officer on the next tier up to and including the Director and Chief Executive level.

Invoices not quoting a purchase order number

Invoices not quoting a purchase order number will be returned to the supplier requesting one.

If this causes undue problems because of staff absences, please contact Supplier Payments Team.

Chapter 5: Receipt of Goods and Services

Introduction

A key element of the payment system is to establish that the goods were delivered or services were provided and of sufficient quality to meet the Council's needs.

Checks and Signatures Required for Standard Purchases

When goods or services are received that have been purchased using the purchase orders ie., they are **NOT** internet purchases, grant or financial assistance payments or direct debit contracts, the following procedure should be followed:

- the delivery notes or equivalent must be checked by the receiving officer against the purchase order, to ensure that the quantities ordered have been received or the exact service or works requested have been delivered;
- the receiving officer should mark the purchase as delivered or part delivered as appropriate in order to confirm that the goods or services have been received or that work has been carried out satisfactorily;
- the receiving officer should obtain and retain any evidence that the goods/services have been delivered e.g., supplier delivery notes, emails, or other documentation.
- Particular care should be taken with direct debit payments, that delivery is received for each invoice or on scheduled dates.

Audit Requirements

The Council's auditors will require evidence of satisfactory delivery and receipt of goods and services which must be retained and available for audit purposes. Where possible an electronic copy should be retained in an appropriate filing structure. This will ensure all proof of receiving goods or services, will be available for auditors to check should they request to do so.

Examples of proof of delivery include:

- supplier delivery notes;
- consultant's timesheets;
- documents produced as part of the service requested e.g. feasibility studies;
- copies of newspaper articles, advertisements etc...

Chapter 6 Internal Payments

Internal invoices or grant payments should be processed in line with chapter 8 of the Income and Charging Policy, available on ANDi [here](#).

Copy invoices or grant payment forms should be attached to the [journal request](#).

Chapter 7 Non-Purchase Order Payments

Grant Payments

Please refer to the [Grant Policy](#) for more information on the process for Grant and Financial Assistance payments before preparing the documentation for these payments.

For a grant payment to be made a Grant Financial Request form needs to be completed online and submitted for approval through the electronic purchase ordering system. Once approved online it will be forwarded to the Supplier Payments Team for processing. The form has help boxes included to guide you during this process.

Use the online purchase ordering system to request payment.

Internet Purchase Process

In the scenario where a purchase is made online and a supplier invoice cannot be issued in the normal way, the purchase required will be made with the Council's credit or procurement card.

Purchasers should contact [Sarah Shaw](#) (or David McCallum, in Sarah's absence) to establish if an online account for the particular supplier is already in existence. If the account does not already exist an [Internet Purchase Request Form](#) will need to be completed and submitted.

Once an account is active, the purchaser will be required to complete the transaction as far as possible online, including placing items in baskets, up to the point of payment.

Direct Debit Contracts Process

Requests to make payment by direct debit should be submitted for approval to [David McCallum](#) using the [Direct Debit Request Form](#) on ANDi. Please ensure the form is fully completed. There are four sections to the form to be completed once a supplier has been selected following the procurement process and the preferred method of payment has been agreed between the Council and the supplier.

The supplier's Direct Debit Instruction (DDI) will be completed by Finance and returned to you for sending on to your supplier. Finance will assign a unique reference to each request and include it on the DDI form. This will be in the format e.g., 'DD012-12345', the last five digits being your purchase order number.

The periodic payments for approved direct debit requests will be included on the normal Registered Invoice Reports issued weekly for your further approval (see [Chapter 8](#)). You will be able to identify these payments from the unique reference (see above) which will be included in the purchase order column of your report.

By approving the periodic payments on the weekly invoice reports, you will be confirming that the goods or services were satisfactorily received, and that payment is due for the period stated. If this is not the case e.g., the contract has been terminated early, please indicate that you are not approving the expenditure and provide an explanation in the adjacent column in the report (see [Chapter 8](#)). Any expenditure 'not approved' will require follow up action as the payment will have automatically been taken as a direct debit. Follow up actions required may include taking measures to recoup the payment from the supplier and cancellation of the direct debit contract.

Expenditure below £25

In addition to using either a purchase order or internet purchase expenditure below £25 may be incurred directly by an employee up to the limit of £25 and reclaimed using Core Expense providing a valid receipt is provided as evidence of purchase. A credit or debit card receipt is only valid for reclaiming expenses if it details the items purchased. If it is only a payment voucher showing the shop and total amount paid but no details of the purchase, reimbursement will not be approved.

Staff should not accrue clubcard or loyalty points on personal accounts when directly purchasing supplies or services for Council.

If you do not have a debit or credit card please contact [Sarah Shaw](#) or [David McCallum](#).

Chapter 8: Completing the Weekly Authorisation Report

Introduction

The process for the payment of supplier invoices is the responsibility of the Finance Service and is therefore separated completely from the purchase ordering process.

The process for matching supplier invoices to purchase orders is the responsibility of the service area.

To make a payment to a supplier, the supplier must have already been set up on the Council's financial management system.

The Council's preferred payment method is BACS. To facilitate this, all suppliers and other Council payees should be requested to submit their bank account details.

All suppliers and payees must have completed a new supplier/payee form (please see [HERE](#) for guidance) to enable payment to be made.

Invoices will not be distributed to Services, however soft copies are available within the financial management system.

Authorisation of invoices is required to be made on the **Registered Invoices Report**. These will be issued by email on a weekly basis from Supplier Payments Team.

Outstanding Invoices Report Process

This process is an interim system, in place until a fully electronic purchase to pay system is implemented as part of the new financial management system. The interim system cannot provide the full range of internal controls that would be expected for an organisation the size and complexity of the Council.

The Supplier Payments Team will register all invoices received onto the TOTAL finance system and generate weekly reports of all supplier invoices which have been registered and which remain unpaid at the date of the report.

Reports will be issued to authorisers by email on a weekly basis, usually on the Friday afternoon or Monday morning following completion of the weekly payment run and each new report will supersede the previous report.

The reports (in spreadsheet format) provide summary detail of all invoices that require authorisation for payment, with separate sections on the spreadsheet for the authoriser to complete to confirm that they have carried out all necessary checks and give approval for a payment to be made.

Authorisers are required to check each invoice line diligently before approving for payment by:

- matching it to the purchase order to check that quantities and prices agree or that the payment hasn't previously been processed
- ensuring all goods and services have been satisfactorily received; and
- reviewing the invoice on the **TOTAL** finance system, if authorisers are having difficulties getting access to the system contact [David McCallum](#) in Finance at the earliest opportunity.

Full guidance on 'how to complete' the weekly report can be found in the weekly email.

Chapter 9 Credit Card Controls

Introduction

The Council currently holds two credit cards which are in the names of the Chief Executive and the Performance Accountant.

This document details the procedures for use of these cards and has been developed in line with guidance issued by the Department of Finance & Personnel (DAO (DFP) 24/02 'Issue and Use of Payment Cards (inc Credit Cards)') and with the associated Department of the Environment circular to Northern Ireland Councils (LG35/01).

Key Controls

The key controls for credit and payment cards are as follows:

- Expenditure and merchant sector limits will be set, by Finance Service management, in line with operational requirements.
- Officers holding and or using credit or payment cards are required to sign up to the 'Conditions of Use' prior to issue (Appendix 1). The officers currently responsible for cards are as follows:

Card	Card Type	Card Holder Name	User
1	Credit	Chief Executive	Chief Executive
2	Credit	Performance Accountant	Team Leader – Income Collection

- Card details may be saved on Council networks in documents that are encrypted and only accessible by those authorised to process transactions.
- CVC codes should not be saved in the same location as the card number and expiry date.
- All expenditure must be appropriately authorised before carrying out a card transaction.
- All expenditure must be supported by receipts and where appropriate an official VAT receipt.
- Segregation of duties and reconciliation procedures are in place as follows:
 - Only employees who have signed the 'Conditions of Use' (Appendices 1 and 2) are authorised to have access to the card details, process transactions and download statements.
 - The Team Leader – Supplier Payments prepares the monthly reconciliation of purchase documentation to statement.
 - A Finance Service Unit Manager will approve the monthly reconciliation and General Ledger posting transactions.
 - A Finance Officer will record the monthly transactions on the financial system general ledger after all checks have been completed.
- Irregularities be reported to Financial Operations Accountant immediately to allow appropriate action to be taken.

- When an authorised user leaves the Council or changes duties (including on secondment) the card to which they had access will be replaced.
- In the event that a credit or purchase card is lost or the details become known to an unauthorised person, the cardholder must immediately contact the manager in whose name the card is issued who will inform the card issuer requesting the card be cancelled. The Performance Accountant and Income Collection Manager should also be informed and arrange for a new card to be issued

Anti-fraud measures

The following measures are in place:

- Users are advised that card details must never be given or communicated verbally to any employee or supplier of goods or services;
- Card transactions via the telephone on a person to person basis are not permitted. All such transactions must be **automated** ('Automated transactions' are transactions where the keypad of the telephone is used to record/provide the credit card number for the purchase of the goods/service)
- Transactions must only be carried out on Council ICT equipment and through secure websites.
- For internet purchases only secure websites should be used (eg. https);
- Misuse of a credit or purchase card in any way is considered a disciplinary offence.

Chapter 10 Transitional Arrangements

The process of moving from a paper-based system to a modern fully electronic system will take a number of years to complete.

Additional controls and functionality will be added periodically, including:

- field for quotation references to be added to the purchase order,
- goods received processing, to allow matching with invoices
- substitute authorising facility
- facility to select accounting codes from drop down menus,
- facility to request direct debit payments
- facility to request credit card payments
- facility to request grant payments
- automatic matching of purchase orders, goods received notes and invoices
- authorisation workflows

Changes will be made incrementally and will be tested prior to general release.

These procedures will be updated to reflect these changes as they are made.

Appendix 1 Chief Executive Credit Card Conditions of Use

1. This card is issued to the Chief Executive to hold personally and must only be used by the Chief Executive and no other person;
2. The card should be kept in a safe place at all times;
3. In the event of losing the card, the cardholder must inform the Head of Finance immediately in order to arrange cancellation of the card with the bank;
4. The card may only be used for:
 - purchases which are solely of a business nature including hospitality and entertaining expenses;
 - travel and subsistence payments for self and other council employees or councilors who are in attendance with the Chief Executive;
 - automated telephone and internet transactions;
 - transactions which are dealt with in person via a 'chip and pin machine' (i.e. for 'cardholder present' transactions only);
5. The card must not be used for:
 - purchases which are of a personal nature;
 - travel and subsistence payments for non-employees unless approved by Council;
 - cash withdrawals;
 - non-automated telephone transactions.
6. The cardholder must obtain both the customer copy of the credit card voucher and the invoice/receipt for all purchases.
7. Details of purchases including signed vouchers and receipts, nature of items purchased and nominal coding should be forwarded to the finance section on a monthly basis on the appropriate claim form in order to facilitate agreement to the credit card statements. The credit card statements must be countersigned by an authorised cheque signatory other than the Chief Executive.
8. Misuse of the card in any way will be considered a disciplinary offence.

Declaration

I acknowledge receipt of this document, detailing the terms and conditions of use of the Council credit card issued in my name and confirm that I have read and understand these conditions.

Chief Executive

Date

Appendix 2 Performance Accountant Credit Card Conditions of use

1. This card (although in the name of the Performance Accountant and held personally by them) is issued to the Finance Service to facilitate purchases of a business nature which require to be paid by credit card;
2. The card must only be used by a Finance Team Leader.
3. In the event of losing the card, the Performance Accountant must inform the bank immediately in order to arrange cancellation of the card;
4. The card may only be used for:
 - purchases which are solely of a business nature;
 - travel and subsistence payments for council employees, councillors and any other person approved by Council;
 - automated telephone and internet transactions;
5. The card must not be used for:
 - purchases which are of a personal nature;
 - travel and subsistence payments for non-employees unless approved by Council;
 - transactions dealt with in person by the Performance Accountant or any other person;
 - cash withdrawals;
 - non-automated telephone transactions.
6. Requests for purchases by internet/credit card must be submitted to the Finance Service by purchasing officers on the relevant claim form. The claim form should detail the nature of items being purchased, prices, accounting code and be authorised manner;
7. The Finance Team Leader must complete the relevant payment information for all automated purchases on screen (i.e. provide details of the credit card type, number and expiry date). These details must never be provided to the supplier of goods and services via telephone and should never be issued to another Council employee or Councillor;
8. The Finance Team Leader must obtain documentation in relation to all purchases e.g. copies of payment confirmation printouts or e-mails for internet purchases and invoices or receipts;
9. The supporting documentation must be retained and attached to the internet/credit card purchase form and agreed to the monthly credit card statements. Any discrepancies will be investigated.
10. Misuse of the card in any way will be considered a disciplinary offence.

Declaration

I acknowledge receipt of this document, detailing the terms and conditions of use of the Council credit card issued in my name and confirm that I have read and understand these conditions.

Date

