

To: Finance, Resource and Customer Services Policy Board

On: 21 November 2024

Report by: Director of Finance and Resources

Heading: Renfrewshire Council No Purchase Order No Pay Policy

1. **Summary**

1.1 In 2023, the Council commenced its Purchase to Pay (P2P) Programme, which aims to scope, design and implement a new P2P Operating Model. As part of this programme the Council is seeking to implement a No Purchase Order No Pay Policy.

1.2 The purpose of this report is to seek approval from members to implement the Renfrewshire Council No Purchase Order No Pay Policy (“the Policy”) as set out in Appendix 1.

1.3 Following approval from members, additional guidance and training will continue to be developed to support the implementation of this Policy. The Policy will be fully implemented when the new P2P Operating Model goes live in 2025. Communications will also be distributed to all managers, employees and affected suppliers within the Council via the usual channels.

1.4 Should the Council’s Financial Regulations and Council’s Standing Orders Relating to Contracts require to be updated to align with the approved Policy, those changes will be brought to full Council for approval.

2. **Recommendations**

It is recommended that the Finance Resources and Customer Services Policy Board:

- 2.1 Approves the Renfrewshire Council No Purchase Order No Pay Policy set out in Appendix 1.
 - 2.2 Authorises the Corporate Procurement Manager to amend the No Purchase Order No Pay Exemptions List appended to the Renfrewshire Council No Purchase Order No Pay Policy as required.
 - 2.3 Notes that the start date of the No Purchase Order No Pay Policy will be when the new Purchase to Pay Operating Model is implemented within the Council in 2025.
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3. **Background**

- 3.1 Purchase to Pay is the set of processes that cover the activities of requesting, purchasing, receiving, paying and accounting for goods, works and services.
- 3.2 In 2023, the Council commenced its P2P Programme, which aims to scope, design and implement a new P2P Operating Model. The anticipated benefits of the P2P programme include:
 - **Simpler user experience:** our new P2P Operating Model will empower staff with efficient processes, easy-to-use-tools and straightforward guidance.
 - **Enforce Compliance Spend:** our P2P Operating Model will utilise reliable methods for analysing data and automated protective measures to ensure every transaction meets the highest compliance standards and reduces risk.
 - **Less Manual Processing:** automation and smart technologies will be incorporated into our P2P Operating Model, reducing manual tasks and allowing focus on value added work.
 - **Strong Supplier / Partner Relationships:** our P2P Operating Model will be designed to support long-term partnerships that foster mutual success and benefit our community.
- 3.2 The Renfrewshire Council No Purchase Order No Pay Policy, as set out in Appendix 1, applies where goods, works or services are being procured from an external supplier and payment is made upon receipt of an invoice.

Where an invoice is received from a supplier which does not include a valid Council-created Purchase Order Number it will be returned to the supplier unpaid.

- 3.3 The Policy recognises permitted exemptions due to the nature of particular spend, the inability to raise a Purchase Order in advance, or the nature of payment method. Permitted exemptions are detailed within the No Purchase Order No Pay Exemption List provided in Appendix 1 of the Policy. The Corporate Procurement Manager is authorised to amend, add and remove exemptions from the No Purchase Order No Pay Exemptions List.
- 3.5 Benefits of this Policy to the Council are improved budgetary controls by ensuring that all financial commitments are correctly recorded in the Business World finance system, increased compliance with procurement policies and procedures, and more efficient processing of invoices due to reduced manual intervention.

Implications of the Report

1. **Financial** – Improved budgetary control through ensuring that all financial commitments are correctly recorded in the finance system.
2. **HR & Organisational Development** – None arising directly from this report.
3. **Community/Council Planning** – None arising directly from this report.
4. **Legal** – the recommendations contained within this report and referenced Renfrewshire Council No Purchase Order No Pay Policy may require updates to the Council's Financial Regulations and the Council's Standing Orders Relating to Contracts. In addition, contractual terms and procurement documents will also require modification to reflect these Policy requirements.
5. **Property/Assets** – None arising directly from this report.
6. **Information Technology** – None arising directly from this report.
7. **Equality & Human Rights** – None arising directly from this report.
8. **Health & Safety** - None arising directly from this report.

9. **Procurement** – the recommendations implement a No Purchase Order No Pay Policy relating to goods, works or services being procured from an external supplier and where payment is made upon receipt of an invoice. Existing procurement documents, processes and procedures will be reviewed and modified to align with the Policy.
10. **Risk** - None arising directly from this report.
11. **Privacy Impact** - None arising directly from this report.
12. **Climate Risk** – None arising directly from this report.
13. **Children’s Rights** – None arising directly from this report.
14. **Cosla Policy Position** – None arising directly from this report.

List of Background Papers

- (a) None

Author: Jennifer Bowles, Corporate Procurement Manager,
jenny.bowles@renfrewshire.gov.uk

Appendix 1 – Renfrewshire Council No Purchase Order No Pay Policy



RENFREWSHIRE COUNCIL

NO PURCHASE ORDER NO PAY POLICY

Abstract

This document contains Renfrewshire Council's No Purchase Order No Pay Policy, including permitted exemptions to the Policy

CPU-XXX-X

Release Date: **Month Year**

Next Review Date: **Month Year**

Author: Corporate Procurement Manager

Approver: Corporate Procurement Manager

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1. Introduction

The procurement of goods, works or services for Renfrewshire Council (“Council”) must comply with the Council’s Financial Regulations, Standing Orders Relating to Contracts, and associated procurement policies.

This document establishes Renfrewshire Council’s No Purchase Order No Pay Policy (“the Policy”) in relation to where goods, works or services are being procured from an external supplier and payment is made upon receipt of an invoice.

2. No Purchase Order, No Pay Policy

In general, where goods, works or services are being procured from an external supplier, any invoice received from a supplier in relation to those goods, works or services which does not clearly state a valid Purchase Order Number (“PO Number”) provided by the Council will be rejected and returned to the supplier unpaid. There are exceptions to this rule, which are outlined further in the Policy.

When awarding grants which may involve the delivery of goods, works or services, or the Council derives any other benefit from them, due consideration must be made to the provisions of this Policy.

For the avoidance of doubt, any arrangements where the primary purpose is the supply of funding/money, either by or to the Council, e.g. loans, bonds, securities, grants or other financial instruments, will not be in the scope of this Policy.

3. Benefits of the Policy

The Council’s No Purchase Order No Pay Policy will provide the following benefits:

- Ensures purchases will be authorised from the relevant budget before goods, services and works are supplied, improving compliance.
- Reduces potential risk to the Council by formally agreeing contract terms before the supplier commits to deliver.
- Makes processing of invoices more efficient, helping to maintain a good payment position with suppliers.
- Provides accurate and timely reporting, budgeting and forecasting across the Council.

4. Raising a Purchase Order (PO)

Designated Council staff can raise requisitions within the Council’s approved electronic ordering systems where goods, works or services are being procured. Purchase Orders must be raised at the time the goods, works and services are requested, and prior to them being received. The value and type of purchase will

determine the level of approval required before a requisition is changed to a PO and a PO Number is created.

The PO, containing its unique PO Number, will be sent electronically to the supplier by the Council's approved electronic ordering system or, where this is not possible, emailed by the requisitioner. Any exemption to this must be approved by the Corporate Procurement Manager. A record of all exemptions will be maintained by the Corporate Procurement Manager and reviewed annually.

5. Payment of Invoices

Suppliers must send invoices directly to a defined Council email address set up for the purposes of receiving invoices.

All invoices must include the following information as a minimum:

- Valid Purchase Order Number provided by the Council,
- Invoice number (or unique identification number),
- Company name and address,
- Clear description of goods / services / works
- Date the goods or service were provided
- Date the invoice was created
- Amount being charged
- VAT rate and amount (if applicable)
- Total amount owed

Invoices received without a current valid PO Number will be returned unpaid to the supplier. The supplier will be instructed to contact the Council employee who requested the goods, works or services to obtain the necessary PO Number and Purchase Order information.

6. No Purchase Order No Pay Exemptions

There are certain situations in which a particular requirement may be exempt from this Policy due to the nature of the spend or the inability to raise a PO in advance.

A No Purchase Order No Pay Exemptions List (PO Exemptions List) is provided in Appendix 1 to this Policy. The Corporate Procurement Manager (CPM) manages the PO Exemptions List and can amend, delete or add exemptions to the PO Exemptions List. The list will be reviewed on an annual basis by the CPM with a view to identifying where processes can be developed to enable the phased removal of exemptions.

Application of exemptions is not mandatory. A Service Department may raise a Purchase Order for an item on the PO Exemptions List in order to access the benefits listed in section 3 of this Policy.

7. Compliance with Policy

Compliance with this Policy will be monitored and compliance reports will be provided to senior management on a regular basis to support enforcement of the Policy.

Compliance information will be used to identify where additional support, guidance and training for employees is required, as well as any activities required as part of the contract and supplier management process.

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Appendix 1 – No Purchase Order No Pay Exemptions List

The following identified items or particular categories of expenditure are permitted exemptions from the No Purchase Order No Pay Policy.

- Property rent
- Property rates
- Property service charges
- Planning applications
- Stamp duty land returns
- VAT payments
- Cashflow payments
- Payroll payments
- Legal settlements
- Foreign payments
- Land transactions
- Payments to Scottish Court & Tribunal Services
- Grant payments
- Utility services
- Urgent or Emergency Payments
- Payments made by purchasing cards, where purchases are made in accordance with the Purchasing Card Policy
- Payments to suppliers who physically cannot add a PO Number to an invoice
- Alternative payment arrangements are detailed within applicable contract terms and conditions
- Orders that cannot be placed through the Council's ERP Business World system (such as property repairs – orders placed via WorkHub or CAMIS)
- Payments that are not within scope of the No Purchase Order No Pay Policy