

REGULATION 16: ORDERING AND PAYING FOR WORKS, GOODS AND SERVICES

Quick Links

- 16.1 General Principles
- 16.2 Orders
- 16.3 Receipt of Goods and Services
- 16.4 Payment of Invoices

16.1 GENERAL PRINCIPLES

- 16.1.1 **Nature of Purchasing:** This regulation applies to the purchase of goods, services or works. It excludes transactions which form part of the Council's Treasury Management processes.
- 16.1.2 **Emergency Responses:** In the event of the Council being involved in an emergency response, such that a control centre has been established, some of the rules contained in this regulation can be waived in accordance with [Financial Regulation Support Document 29](#).
- 16.1.3 **No Personal Gain:** Employees should not achieve any personal gain when making a purchase for the Council. Orders may only be placed for Council supplies. They must not be used for personal purchases under any circumstances.
- 16.1.4 **Procurement Guiding Principles:** Purchasing must be carried out in accordance with [Financial Regulations Support Document 40 - The Council's Procurement Guiding Principles](#), which explain the rules and thresholds for ordering and sourcing.
- 16.1.5 **Separation of Duties:** There should be a least 2 council officers, other than the Accounts Payable Section, involved at some point in the chain of ordering, receipt of goods and payment of invoices.
- 16.1.6 **Authorised Officers:** Orders and invoice payments can only be authorised by council officers nominated to do so in accordance with [Financial Regulation 4](#).
- 16.1.7 **Authoriser Checks:** The authorising officer is responsible for verifying that:
- the expenditure is for a purpose approved by the Council and is within the Council's statutory powers to incur;
 - the correct procurement approach has been taken for the level of spend with that supplier, as set out in [Financial Regulations Support Document 40 - The Council's Procurement Guiding Principles](#);
 - an order or payment for the same purchase has not already been placed or made, through the same or another procurement channel;
 - the value of the order or invoice is correct, any extra costs, such as delivery charges, have been included and any applicable discounts have been taken;

- VAT has been correctly identified and coded in accordance with [Financial Regulation Support Document 10a-d](#);
- Income tax deductions have been correctly accounted for on payments to sub-contractors in accordance with [Financial Regulation 20](#);
- the cost has been coded appropriately and budget is available to cover the cost of the order or invoice in accordance with [Financial Regulation 4.4](#).

16.1.8 Additional Authoriser Checks for Invoices: Where the authorising officer is certifying an invoice for payment, due to no order having been raised, they should also satisfy themselves of the following before authorisation is given:

- the goods or services have been received or the work carried out satisfactorily;
- the details and prices as stated on the invoice are in accordance with that requested or expected by the Council;
- the invoice is arithmetically correct.

16.2. ORDERS

16.2.1 Timing of Order: Orders for all works, goods and services must be raised at the time the supply / service is requested and prior to the goods being received.

16.2.2 Exemptions: Raising orders may not be appropriate in the following circumstances:

- purchases using petty cash floats as covered in [Regulation 17](#);
- purchases made using the Council's Government Procurement Cards (GPC) in accordance with [Financial Regulation Support Document 6b](#),
- purchases made from suppliers on the approved Purchase Order Exempt List, published in the [Procurement Guiding Principles](#) (e.g. utilities, insurance);
- works or services provided under contract where the requirements of the Council's Contract Procedure Rules apply;
- any other exceptions approved by the Statutory Chief Finance Officer.

16.2.3 Information Contained on Orders: Orders must indicate the nature, period of supply, and/or quantity of the work, goods or services required and the agreed value of these. In normal circumstances, prices should be pre-agreed, "fixed and firm including delivery charges" excluding VAT.

16.2.4 Verbal Orders: Urgent orders may be placed verbally, by an officer authorised to incur expenditure. The supplier should be advised that the order is subject to the Council's standard terms and conditions of purchase. Such orders shall be confirmed as soon as possible by an

official order detailing the purchase and indicating that the supplier provides the goods or service in line with instructions previously issued.

- 16.2.5 **Budgetary Control:** Outstanding commitments and accruals against budgets for incomplete orders should be checked periodically, and at least annually, to ensure management accounting information is accurate.

16.3 RECEIPT OF GOODS AND SERVICES

These rules relate to the period where works, goods or services ordered have been received, but not paid for. Processing a Goods Receipt Note (GRN) changes a *commitment* against a Council budget to an *accrual* which will be cleared when a payment is made.

- 16.3.1 **Processing Order to Goods Received stage:** The order record should be updated promptly when the works, goods and services have been supplied, once the following checks have been satisfied:

- there is confirmation by a Council Officer that all the required goods or services on the original order, have been received or the work carried out satisfactorily;
- there have been no additional goods and services provided outside of the original order;
- appropriate entries have been made in stores, inventory or other records.

- 16.3.2 **Disputes and Credit Notes:** Any orders where problems have been found with the works, goods and services should be placed in dispute and the invoice payment withheld until the dispute is resolved.

In these circumstances an appropriate officer from the service making the purchase should:

- raise the matter promptly with the supplier and keep a record of all ensuing negotiations;
- request a credit note or replacement goods for goods returned or incomplete deliveries;
- stop the goods received note being processed against the order;
- inform the Accounts Payable team that the invoice is in dispute.

16.4 PAYMENT OF INVOICES

- 16.4.1 **Form of Invoice:** Invoices can only be paid if they are supplied in a form recognisable as such by H.M. Revenues and Customs, and clearly show what, if any, VAT has been added to the purchase.

- 16.4.2 Payments must not be made on Proforma invoices or Statements of Account, except in circumstances approved by the Nominated Operational Finance Manager.
- 16.4.3 **Suppliers Statements:** Suppliers Statements should be passed to the Accounts Payable who will check the accuracy of the payments listed to those recorded on the Purchase Ledger. Special attention should be made to reconcile any credit notes and unallocated cash listed on the statement, which are not reflected in the Council's Purchase Ledger. Any queries found should be raised with the supplier.
- 16.4.4 **Transfer of Invoice:** Invoices should be passed to the Accounts Payable Section at the earliest opportunity, for registering in the financial management system. They shall be entitled to make any enquiries necessary to determine the authenticity and accuracy of the payment.
- 16.4.5 **Responsibilities of the Accounts Payable Section:** The Accounts Payable Section are responsible for checking that *the right people are being paid the right amount and in accordance with the right payment terms.*
- They should carry out the following checks on invoices received before processing them for payment:
- the service making the purchase has confirmed that all the works, goods and services have been received and there are no outstanding disputes with the supplier;
 - the order or invoice has been appropriately authorised;
 - a payment has not already been made for the invoice in question;
 - the payment will be made to the correct supplier.
- 16.4.6 **Authority to Make Payments:** The payment of all monies due from the Council shall be made by the Nominated Chief Officer with responsibility for Exchequer functions", with the exception of authorised petty cash transactions.
- 16.4.7 **Dispatch of Cheques:** Cheques should be dispatched by post except in exceptional circumstances.
- 16.4.8 **Payment Errors:** Any payment error that comes to the attention of an employee must be brought immediately to the attention of the budget holder and the Accounts Payable Section, who should provide assistance in the timely resolution of disputes with suppliers.
- 16.4.9 **Advance Payments:** Payments should only be made in advance in exceptional cases where it is not appropriate to use a Government Procurement Card and the purchase needs to be secured in accordance with the supplier's terms (e.g. for a training course). Where

possible, an interim payment should be paid rather than the full amount.

16.4.10 In making an advance payment employees must be confident that the goods or service will be received and be of an adequate quality, or a refund will be achievable. In all cases an invoice or VAT receipt must be subsequently obtained and processed.

16.4.11 **Urgent Payments:** The need for urgent payments should be kept to a minimum and only used where there is a genuine need. Work flows should be organised to avoid using urgent payments, wherever possible.