Introduction

To maintain quality and value of the organisation’s services, control must be exercised over any products or services purchased. To ensure this, purchase orders must be raised and authorised by budget holders, goods and services received checked, and invoices signed off.

Procedure

A purchase order is required for:

- Any purchase of value greater than £100
- Any purchase where the supplier will provide an invoice

A purchase order is not required for

- Regular purchases under contract (eg utility bills, catering supplies, agency staff)
- Petty cash transactions (see FP03 Cash Handling)

An authorised person must sign all completed purchase orders (see procedure below) prior to submission to a supplier. The current authorisation limits are listed below.

An approved suppliers list is maintained as part of the Sage accounting system (see below). The majority of the organisation’s purchasing will be through repeat orders placed with previously approved suppliers.

Once a purchase order has been raised and approved it can be placed with the supplier. The supplier is required to supply goods or services to the specification, quantity and price as specified in the purchase order.

Upon receipt of the goods or completion of the services a check must be made to ensure that the requirements of the purchase order have been satisfied. On receipt of the relevant invoice, whoever received the goods or services must sign off its approval for payment (not necessarily the person who has authorised the purchase on the purchase order).

In all cases purchasers should make every effort to ensure best value is obtained by shopping around. The number and type of quotes required depends on the likely cost to be incurred by the organisation, and is shown in the following table. If possible, quotes should be obtained from suppliers who are already on the approved suppliers list.

<table>
<thead>
<tr>
<th>Cost</th>
<th>Minimum quote requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to £100</td>
<td>One quote</td>
</tr>
<tr>
<td>Between £100 and £1,000</td>
<td>Two quotes (*)</td>
</tr>
</tbody>
</table>

C:\Users\Laura\WHCF\Policies\Finance\Originals\FP01 Purchasing and procurement 19Sep12.docx
Purchasing and Procurement

Over £1,000 Three written quotes (*)

(*) ‘Written quote’ can include a copy of an up to date supplier price list.

In some circumstances there may only be one supplier who is able to undertake the work for the organisation. In this situation and where the value of the work is over £1,000, the quote must be approved by a senior manager (see below). The preferred quote should be selected based on value and quality.

A purchase order must be raised using the triplicate books held in each department then authorised by the relevant budget holder or authorised signatory as appropriate. The purchase order must specify against which budget or project the purchase is being made, the details of the purchase, the cost and the expected date of delivery or completion of services will be recorded. All purchase orders have a unique number and are produced in triplicate: one copy is for the purchaser, one copy must come to the finance department (before the invoice arrives) and the final copy stays in the book.

When goods are received or services completed the person receiving them must check against the relevant copy purchase order that they are as expected and any delivery note placed with the purchase order. When the supplier’s invoice is received it must be checked against the relevant purchase order and any delivery or advice note. Any pricing or quantity inaccuracies must be reported to the person ordering the goods or services and they must inform the supplier immediately.

If all information on the supplier invoice is correct, the purchase order and delivery note should be attached and the invoice signed and passed to the finance team for processing.

Maintenance of Approved Suppliers List

The organisation maintains an approved suppliers list using the Sage accounting system. Approved suppliers are generally those from whom we have purchased previously, for whom have all the necessary invoicing information and who have proven to be reliable.

On occasion there may be a requirement to purchase goods or services from a supplier who is not on the approved list. To ensure that the accounting records are fully maintained a supplier assessment questionnaire will be sent by the finance team to new suppliers for completion and return. Payments cannot be made until the following information is collected. Company name, address, website. Finance contact – Name, email, phone. General contact – Name, email, phone. Bank name, Sort code, Account number.

If a supplier frequently fails to provide goods and services to a reasonable standard a stop will be placed against their record on the approved suppliers list. A quarterly review of suppliers on stop will be made and, where possible, issues resolved. If the review is satisfactory, the ‘on stop’ marker will be removed from the record.

Approval levels

Levels are set to allow budget holders to effectively undertake their work without undue delay caused through needing approval and reflect the size of budget that is being managed and the types of typical purchases that will be made against it. They are not a direct reflection of seniority within the organisation.
The Chief Executive is authorised to sign off spending of any level within the agreed annual budget presented to the board. Where purchases fall outside the agreed budget and are greater than £5,000 the expenditure must be referred to the board of trustees.

Other staff have the following sign-off limits. Purchases and commitments above these amounts must be referred to a senior manager or the Chief Executive.

### Senior Managers

<table>
<thead>
<tr>
<th>Name</th>
<th>Limit</th>
<th>Sample Signature</th>
<th>Sample Initials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health &amp; Social Care Manager</td>
<td>£200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children &amp; Family Services Manager</td>
<td>£500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Manager</td>
<td>£500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm &amp; Gardens Manager</td>
<td>£200</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Other staff

<table>
<thead>
<tr>
<th>Site Operations Coordinator</th>
<th>Andrew Bunce</th>
<th>£200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing &amp; Events Coordinator</td>
<td>Simone Dougall</td>
<td>£200</td>
</tr>
<tr>
<td>Senior Play Worker</td>
<td>Sarah Rowland</td>
<td>£200</td>
</tr>
<tr>
<td>Café Supervisor</td>
<td>Jessica Stolzenburg</td>
<td>£200</td>
</tr>
</tbody>
</table>

Payments

Invoiced payments

Payments from the bank accounts need to be controlled and recorded. No payment should be made unless

- the invoice has been matched to approved purchase orders, and
- the receiver of the goods or services indicates they are satisfied by signing off the invoice.

The preferred method of payment is by BACS. These are processed at least twice per month according to level of demand. Payments by cheque may be made where BACS payment is not possible. Payroll transfers are made on the 24th of each month or the working day prior to this if it falls on a weekend or holiday.

A suggested payments list showing outstanding, undisputed purchase invoices that are due for payment will be produced from the Sage accounting system. The Finance Assistant will check to ensure that all invoices have been authorised. Those that are not will be returned to the manager in charge of the purchase to resolve any issues.

The suggested payments listing is used to run the BACS payments directly from the Sage accounting system. A ‘Payment Detail Report’ along with the relevant BACS reconciliation checklist and the authorised invoices is then passed to the CEO for final approval and release of the payment. Cheques for the payments not covered through the BACS run are prepared and passed to the CEO or other authorised signatories for approval and signing.

The paid invoices are filed in the current month’s invoices paid file then print and send out remittance advices as appropriate.

Bank Signatories

Control of the bank account is limited to authorised signatories and can only be changed by a mandate to the bank. Signatories are
Payments without invoices

A payment request form (located at Company\Finance\Forms & templates\Payment Request Form.docx) must be completed and authorised prior to it being passed to the finance team for payment if no invoice is raised.

If a BACS payment is required the request must include full details of the payees sort code, account name and account number. A payment will be processed online and the details passed to an authorised signatory for final approval and release of the payment.

For other items a manual cheque will be raised and passed to the appropriate authorised signatories for approval and signing.