



Purchasing and Procurement	
Reference: FP01	Effective date: 1 June 2012
Page no: 1 of 3	Approved: 12 Sept 2022
Last revision 26 Aug 2022	Next revision due: Aug 24

Introduction

To maintain quality and value of the organisation's services, control must be exercised over any products or services purchased. To ensure this, purchases must be authorised by budget holders, goods and services received checked, and invoices approved on Approval Max.

Purchase approvals

A Purchase order should be submitted through Approval Max ahead of making purchases in the following circumstances

- A purchase of value greater than £100
- A purchase where the supplier may not provide an invoice including phone or online purchases using charge card or PayPal.
- Any purchases that relates to a restricted project.

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)

The purchase order will then be sent to the relevant line managers for approval depending on the department specified. The purchase order will need the details/description of the purchases, the department and projects, the costs and expected date of delivery or completion of services.

Once this has been approved, the order can be placed with the supplier or a link to the specified items sent to charge card holder to be purchased (if this is online purchases). The supplier is required to supply goods or services to the specification, quantity and price as specified.

Payment approval

Where payment is not made in advance an invoice is required before payment can be made. 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). Where payment was in advance a check must still be made to ensure that the requirements of the purchase have been satisfied.

A refund or other relevant redress should be sought from the supplier if goods or services are not as specified.

Ensuring value

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.



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Cost	Minimum quote requirement
Up to £200	One quote
Between £200 and £5,000	Two quotes (*)
Over £5,000	Three quotes (*)

(*) '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. In this situation the work must be approved by a department manager (see below). The preferred quote should be selected based on value, quality and suitability of the goods or services to the required purpose.

Suppliers

The organisation maintains a list of suppliers on the accounting system. 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 suppliers list.

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 through the financial forecasts. 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 individual sign-off limits. Purchases and commitments above these amounts must be referred to the Chief Executive.

Payments

Invoiced payments

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

- ♦ the invoice has been approved by the relevant team members/managers on Approval Max, 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 25th of each month or the working day prior to this if it falls on a weekend or holiday.



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A suggested payments list showing outstanding, undisputed purchase invoices that are due for payment will be produced from the 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 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 on all accounts are the same. These are

Name	Position
Anne Sharp	Trustee
Sally Jones	Trustee
Steve Sayers	Chief Executive
Zoe Garratt	Finance Assistant
Alia O'Callaghan	Finance Manager

Access to online banking facilities is enabled for a select number of staff including the Chief Executive and the Finance Manager.

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 either a manual cheque will be raised and passed to the appropriate authorised signatories for approval and signing or a charge card or PayPal will be used (see FP06 Card and PayPal Transactions).