

## **A Guide to No Purchase order (PO) No Pay**

### **1. What is No PO No Pay?**

No PO No Pay is the Council's method of ensuring that the Council pays for works, supplies and services received only when they have been properly authorised in accordance with the Council's financial governance framework.

### **2. How Does No PO No Pay work?**

No PO No Pay works by requiring all spend to be recorded on the Council's financial system (SAP) as soon as the commitment to spend is made. This is achieved by raising an authorised Purchase Order (PO) as soon as the commitment to spend is made.

Exceptions are listed in section 5 below and when the Council's Government Procurement Card (GPC) is used (see section 6).

The PO is then sent to the supplier and acts as the authority to supply. The supplier provides the works, supplies or services as per the PO and invoices the Council accordingly. The suppliers' invoice must show the PO number and must be sent directly to the Council's Central Payments Team. The invoice is then recorded onto SAP.

When the corresponding works, supplies or services have been received a "Goods Receipt" is entered onto SAP.

SAP routinely checks for matching POs, Invoices and Goods Receipts (three-way-match) and, when a match is identified, the corresponding invoice is paid according to the agreed payment terms.

### **3. When does No PO No Pay enforcement come into effect?**

In relation to invoices received from 1<sup>st</sup> March 2011 the Council will only accept invoices which clearly show a valid PO number which has been generated by SAP and has sufficient funds assigned to it to cover the invoice value.

### **4. What will happen if a supplier submits an invoice that does not have a valid PO number?**

The invoice will be returned to the supplier immediately with instructions to revert to their Council representative to obtain a valid PO number.

## 5. Exceptions

The following circumstances do not require POs. This list is under constant review and any further changes will be communicated to our suppliers by email and through our website.

Exceptions List currently covers:

- Utility bills
- Telephone bills
- Business rates
- Social care payments raised via the Council's SWIFT system
- Housing payments ordered via the Libra system
- Emergency and contingency payments, SAP22 payments, petty cash etc
- Procurement Card payments (see below)

## 6. How does the Government Procurement Card (GPC) work?

The GPC works like any other credit card. The card holder is authorised to spend up to certain transaction-level and monthly limits. Authorisation of the transaction is conducted immediately by the card issuer and the supplier is paid directly by the card issuer within 5 working days. Orders may be placed by phone or in writing quoting the GPC card details. **A PO is not required for GPC transactions.**

## 7. What are the benefits of No PO No Pay?

The benefits for the supplier are that the PO represents a clear instruction from the Council with a corresponding financial commitment. So, suppliers will always be paid in accordance with agreed terms and conditions provided that they comply with the Council's No PO No Pay policy by:

1. Only supplying the Council when they are in receipt of a valid PO and ensuring that the requested works, supplies or services are supplied to the correct specification and timescales.
2. Promptly sending directly to the Council's Central Payments Team an invoice corresponding to the quantities and pricing within the PO and quoting the PO reference number.
3. Payments will be received promptly with less likelihood of delays.

The benefits for Council staff are:

1. Improved financial management.
2. Less time spent checking and approving invoices
3. Less time spent dealing with outstanding payments

## **8. Where can I get further information?**

If you should have any further questions please refer to Alec Edgar, e-Procurement Manager ([alec.edgar@centralbedfordshire.gov.uk](mailto:alec.edgar@centralbedfordshire.gov.uk)).