



CHIEF FINANCE OFFICER

**ORDERING AND RECEIPTING OF
WORKS, GOODS AND SERVICES**

FINANCIAL PROCEDURE 10

OWNER: HEAD OF FINANCIAL CONTROL

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FINANCIAL PROCEDURE

ORDERING AND RECEIPTING OF WORKS, GOODS AND SERVICES

CONTENTS

	Page
Why is it important to control expenditure / purpose of this procedure ?	2
Financial Procedures	
1 Introduction	3
2 Ordering Goods and Services	3
3 Recording Receipt of Goods/Services	5
4. Goods Receipt/Invoice Received	5
5 Conclusion	6

You should read this Financial Procedure in conjunction with the;
Constitution, Section I3, Code of Procurement Governance
Financial Procedure 11: Paying for Goods and Services.

Why is it important to control expenditure ?

It is important to control spending in line with agreed Council policies, approved budgets and business plans. Good value for money should be achieved through promoting economy and efficiency.

Ordering and Receipting of Work, Goods and Services

Ordering and receipting of work, goods and services should be made in accordance with **this Financial Procedure**.

Directors must notify the Chief Finance Officer of any contracts, leases or other arrangements entered into, which obligate the Council to incur expenditure. Any leases entered into must follow the **Financial Procedure 19 : Leasing**. Any contracts must follow the procedures outlined within the **Constitution, Section I3, Code of Procurement Governance and related procurement procedures**.

The Council's procedures are designed to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the **Council's Procurement Policy** and the **Constitution, Section I3, Code of Procurement Governance**.

Every officer and member of the Council must declare and register any links or personal interests that they may have with suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority, in accordance with the Code of Conduct. The Monitoring Officer is responsible for maintaining this register.

Official orders must be raised on either SRM or directly through SAP as appropriate for all work, goods or services to be supplied to the Council. The only exceptions are petty cash purchases, goods purchased by purchase card or any other exceptions as specified and agreed to by the Chief Finance Officer. Standard terms and conditions must not be varied without the prior approval of the Chief Finance Officer.

All budget managers are responsible for ensuring that orders are only issued for goods or services where there is an approved budget; and for maintaining proper records to support all transactions.

Shopping Cart/Purchase Orders

Approval limits for releasing Shopping Carts/Purchase Order in SRM/SAP are in accordance with the levels detailed in the Financial Scheme of Management. Higher limits may be set if appropriate with the approval of the Chief Finance Officer.

Commitments are created automatically on the Financial System SAP at order entry. These are converted to actuals once the invoice has been processed to ensure the Financial System gives a true picture of the amount of expenditure incurred and the balance remaining against each budget head.

Official orders must not be raised for any personal or private purchases.

FINANCIAL PROCEDURE

ORDERING AND RECEIPTING OF WORKS, GOODS AND SERVICES

1. INTRODUCTION

- 1.1 Central Bedfordshire Council needs to ensure that its expenditure is legal and that it has in place proper financial administration of its activity.
- 1.2 The way that goods and services are ordered and paid for by the Council is part of its financial activity and involves designated officers across the organisation. It is essential to ensure that the relevant responsibilities of these officers are set out clearly. The work of these officers must be coordinated to ensure a controlled framework is in place, which is both efficient and effective in preventing fraud and error.
- 1.3 This code is not intended to be a definitive guide on all the aspects of Ordering and Receipting of Works, Goods and Services. It is intended to highlight the main principles to be applied in ordering and making payments. It does not replace the specific responsibilities of officers which are set out in:-
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 - Financial Procedure 6 : Budget Management
 - The Council's Code of Procurement Governance (Section I3 of the Constitution)
 - and Code of Financial Governance (Section I2 of the Constitution).
 - Procurement Procedure Rules

2. ORDERING WORKS, GOODS AND SERVICES

2.1 Standing Orders

- 2.1.1 Any officer or agent who orders works, goods or services must follow the instructions in the Procurement Procedure Rules and related guidance including key contracts..
- 2.1.2 Where it is a significant, complex or more specialist transaction, the support and advice of the Corporate Procurement Team should be sought.

2.2 Payment Terms

- 2.2.1 The Council's standard payment terms are 30 days from the date of invoice. Lesser payment terms of 20 days are offered to small suppliers with an annual turnover of less than £1m. In the event of preferential rates or discounts, reduced payment terms may be agreed by the Chief Finance Officer

2.3 Order Form

- 2.3.1 All orders must be raised through SRM/SAP which automatically produce the official Purchase Order Form as approved, by the Chief Finance Officer and the Chief Legal and Democratic Services Officer
- 2.3.2 If officers want to sign any other form of agreement for providing works, goods or services, in addition to complying with paragraph 2.2.1 above, they

must seek the views and approval of the Chief Legal and Democratic Services Officer Legal Team.

- 2.3.3 Approval of Shopping Cart/Purchase Order purchases, is controlled by preset limits in the SRM/SAP system which is in accordance with the levels specified Financial Scheme of Management Financial Procedure 1 unless an increased limit is approved by the Chief Finance Officer
- 2.3.4 Shopping Cart/Purchase Order purchases must be released in SRM/SAP prior to the commissioning of goods or services and must NOT be raised retrospectively on receipt of the supplier's invoice.
- 2.3.5 Standard Purchase Orders require the receipting of goods or services on SRM/SAP.
- 2.3.6 Confirmation of the receipt of the goods and services in relation to Limit/Framework Orders is made when the relevant invoice is authorised. Further details are provided within the Financial Procedure 11 - Paying for Goods and Services.

2.4 Sourcing an Order

- 2.4.1 Nominated officers are authorised to identify appropriate goods and services necessary to assist in the provision of particular ranges of Council services.
- 2.4.2 Once officers have determined the necessary goods and services they should then ensure that they arrange to order them from the best source/provider. This will involve considering Value for Money in terms of the cost, quality, speed of delivery and taking in to account the Purchasing Policy compliance requirements issued by the Council – see Procurement Procedure Rules .
- 2.4.3 Orders should not be placed where there is insufficient budget on the system without the permission of the Chief Finance Officer.
- 2.4.4 Employee(s) must not use the official orders to obtain goods or services for their personal benefit.

2.5 Submitting an order

- 2.5.1 Officers may make telephone orders by quoting an order number but these must be confirmed immediately or at the earliest opportunity, by forwarding the official order form in the approved manner.
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- 2.5.2 A Management Exception Report is produced and made available to relevant individuals for independent review.

2.6 Types of Purchase Order

- 2.6.1 Limit/Framework Orders on SRM/SAP are mainly used in respect of utility charges e.g. the supply of Telephones, Gas, Electricity, and Water.

An annual commitment is created on the Limit/Framework Order against which invoices are paid up to the value of the commitment. As there are no goods receipting requirements on Limit/Framework Orders, each invoice requires certification by the authorised officer per the Scheme of Financial Management - Financial Procedure 1 .

- 2.6.2 Limit/Framework Orders with an Invoice Plan attached are used for regular repetitive payments e.g. rents. SAP will automatically produce a payment for the specified value on the specified date(s)
- 2.6.3 Standard Purchase Orders are used for all other goods or services. These require a line of commitment for each item purchased. Goods receipt notes are entered against the Purchase Order on receipt of the goods. When a three way match is achieved between the commitment, the goods receipt and the invoice charge, the payment will then be released at the due date.

3. RECORDING RECEIPT OF WORKS, GOODS AND SERVICES

3.1 Standard Purchase Orders

- 3.1.1 On receipt of the goods or services the officer acknowledging their receipt should check the original order to ensure that they are correct in respect of the goods or services actually ordered, the price, the quantity and quality standard. This also includes ensuring prevention of potential Multiple Orders. Once confirmed, written notification of receipt should be passed to the Requisitioner, who should then enter a goods receipt note against the appropriate Purchase Order lines. This process should be carried out promptly on receipt of the goods or service, to ensure that the invoice is not delayed and is progressed promptly for payment to comply with the Councils standard, or mutually agreed payment terms.
- 3.1.2 Suppliers are instructed to forward their invoices directly to the Financial Transactions Team at Priory House, quoting the appropriate Purchase Order number. On receipt, the invoice detail will be entered on to SAP against the appropriate Purchase Order. Once a three way match is achieved between the Purchase Order commitment, the goods receipt and the invoice charge, the payment will then be released at the due date.

3.2 Limit/Framework Orders

- 3.2.1 Suppliers are instructed to forward invoices to the Service area. On receipt, the officer responsible should check the invoice to ensure that the charges made are correct and appropriate. Details of the charges and period covered should be recorded locally to ensure that there is no duplication of charges. The invoice should be certified by an authorised officer in accordance with the Council's Scheme of Delegation and passed to the Financial Transactions team at Priory House for processing. Invoices should be dealt with promptly to ensure that the Council fully complies with standard/mutually agreed payment terms.

4. GOODS RECEIPT/INVOICE RECEIVED

- 4.1 It is the responsibility of the Budget Manager to ensure that blocked invoices are regularly monitored and cleared where appropriate.

5. CONCLUSION

- 5.1 This Financial Procedure has been issued as a guide to best practice for the Ordering and Receipting of Works, Goods and Services.
- 5.2 Any variation from this Financial Procedure must be approved in writing by the Chief Finance Officer, prior to the implementation of any such variation.