



Purchasing Procedure

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1. Introduction

This procedure is designed to assist Managers through the process of purchasing goods and services with funds under the Council's stewardship.

Any purchase of £100,000 or above must be conducted in accordance with the Contract Standing Orders.

It may be appropriate for purchases below £100,000 to be subject to tendering arrangements; Managers can use their judgement or refer to Management Board.

For procurement, the adopted principle is that the Council aims to deliver value for money when procuring goods, services and supplies. This is balanced with consideration to sustainability, the local economy and fair competition to all providers.

The main objective of the procedure is to meet the requirements of the Financial Regulations and Contract Standing Orders (internal controls).

The Council aims to have all commitment information in a single system, 'the ledger'; this is Oracle Financials – Purchasing.

All purchase orders are to be issued from the Purchasing ledger. Exceptions to this are agreed by the Director of Resources; current exceptions are:

- Procure Plus (housing maintenance),
- Housing contractor links (housing maintenance), and
- DS orders for public buildings maintenance.

By concentrating on key suppliers instead of using an ad-hoc supply base, a more standardised product range will be available and greater discounts can be achieved.

If at any time you have any concerns about the arrangements in place and whether they are offering our business value please contact the Finance Department.

For purchases of £100,000 or above follow the Council's Contract Standing Orders.

Purchase orders are required as the Council operates commitment accounting to identify and quantify the liabilities of the Council at any time.

2. Financial limits

Where a service or supply is to be regularly required, prices should be market tested at least every three years and documented evidence must be retained.

Threshold Limits for Quotations:

| From | To | Rationale |
|-------------|------------|---|
| £0.00 | £2,499.99 | At least two prices must be obtained and evidenced (this may be catalogue prices). |
| £2,500.00 | £9,999.99 | At least two specific quotations must be obtained and evidenced. Specific quotations require the purchase details to be provided to suppliers and a price requested by return (by email). Catalogue prices are not sufficient. |
| £10,000.00 | £49,999.99 | At least three specific quotations must be obtained and evidenced. Specific quotations require the purchase details to be provided to suppliers and a price requested by return (by email). Catalogue prices are not sufficient. |
| £50,000.00 | £99,999.99 | At least four specific quotations must be obtained and evidenced. Specific quotations require the purchase details to be provided to suppliers and a price requested by return (by email). Catalogue prices are not sufficient. These purchases must have previously been approved through the revenue budget process, the Capital Programme or other funding arrangement. |

Where framework arrangements are used, the number of providers included in the tender/quotation should reflect the threshold limits above. Where there is a direct call-off from a framework rather than a competitive process, Management Board approval must be obtained by the submission of a justification report detailing the requirement.

The use of specialist suppliers may not require the quotations as set out where there is uniqueness to the provision. Specialist supplies/suppliers are not expected to be a regular occurrence. Where a specialism is identified, justification must be agreed and documented by a member of Management Board prior to ordering. Any specialist supply of £50,000 or more must be formally agreed by either the Executive Director or the Director of Resources.

The thresholds apply to the whole scope of supply. For example, if a service has been requested that has a value of £50,000 per year and the requirement is for two years then this purchase will fall into the Contract Standing Orders. Please be aware of this when requesting quotations for work and supply, which may move into a higher banding.

When entering the purchase requisition on the Intranet, the Notes/Quotes box should be populated with reference to the quotation evidence for future reference. Purchases are subject to spot checks from Internal Audit to ensure compliance with the required quotation levels.

2.1 IT hardware and software

IT hardware should only be purchased by IT Services unless authorised by the IT Team Leader.

Software should only be purchased after consultation with and formal approval from the IT Team Leader.

2.2 Public buildings maintenance

Expenditure on public buildings maintenance is controlled by the Property Services Group. The budget is allocated across services for accounting purposes; the Property Services Group has overall responsibility for the use of the funds available.

3. Placing an order

All purchases, where possible, shall be entered into the Council's ledger system (Oracle Financials – Purchasing).

Staff who are authorised to requisition goods and services will utilise the web form on the Intranet. Assistance is available from the Finance Department.

The only permitted exceptions are, long term service contracts, utilities, periodic payments of rent or rates, refunds and petty cash purchases, other exceptions are at the discretion of the Finance Department. Current exceptions are Procure Plus, Housing contractor links and DS orders for public buildings maintenance.

An official Purchase Order shall be sent to the supplier stating the Oracle order number, delivery address, description of supply with costs per order line and applicable terms and conditions stated for each and every purchase.

If an order is placed verbally which should only be for urgent/emergency situations, a Purchase Order marked 'Confirmation of order' should be sent to the supplier within 48 hours, so that they know the exact supply need and any incorrect quantities and prices can be queried.

The Council aims to have all invoices, apart from the permitted exceptions, quoting purchase order numbers when they are received by the Finance Department.

3.1 New suppliers

If a new supplier is needed then a request should be emailed to the Finance Department (financialservices@barrowbc.gov.uk) and include:

- Supplier name
- Full supplier address
- Telephone number (head office)
- Supplier bank details (for payment)
- Construction Industry Scheme details (CIS) if applicable

3.2 Use of local suppliers (based within the Borough)

Efforts should be made to encourage local suppliers to submit quotations and prices to supply quality goods and services to the Council.

The Council does not bind itself to accept any quotations or tenders received from potential suppliers unless there is satisfactory evidence that the supplier will provide the most competitive business solution in terms of fitness for the purpose, quality of goods or services and after sales services (best value).

Local suppliers must compete for business with suppliers outside of the Borough and the Council may not give preferential consideration and, or treatment to a local supplier for the award of contracts, except where this can be justified for bona fide commercial reasons.

The Council's support for the use of local suppliers does not take precedence over sourcing goods and services available to it through existing contracts.

3.3 Environmental Purchasing

In comparing suppliers and quotes, staff are encouraged to incorporate within the specification/request for goods and services:

- Consideration of goods which can be manufactured, used and disposed of in an environmentally responsible way.
- Preference, where items are of similar cost, to those that are manufactured with a high-recycled content.
- Specification of items that can be recycled or reused.
- Consideration of the energy usage against the cost of operating equipment prior to purchase.
- Environmental impact of delivery implications.

4. Receiving goods

Purchase orders should clearly state the delivery point. This may be an operational building or on-site for a project.

4.1 Delivery notes

Goods supplied must be checked upon arrival against the Purchase Order and should comply with set standards agreed between the supplier and the Council.

The checking of goods must be completed while the delivery driver is present where possible. Any discrepancies must be noted on the delivery note and agreed with the driver before they leave the premises.

Delivered goods are to be stored securely as soon as practical, with empty packaging being disposed of in the correct manner, recycling where possible.

Out of hours delivery must not happen and suppliers should be informed of delivery schedules when a contract is awarded.

4.2 Faulty goods

Inform the supplier of any problem by phone or by email, detailing the fault with the product or equipment. Ensure to make a note of all dealings with the supplier, so there is a trail of evidence of who said what, this will help when a follow up call is made, if needed. Keep a record of the person spoken to, the date, the time and brief conversation notes.

4.3 Warranty periods

A minimum warranty of 12 months from date of purchase is normally given for most consumer goods such as, large equipment or electrical goods. Full advantage must be taken of any warranty and a note should be made when the warranty expires, so that an assessment can be made of any repairs near the end of the agreement, which can be claimed on the warranty.

5. Payment for goods

When a purchase order is fulfilled, the supplier will send an invoice requesting payment. This invoice should be sent direct to the Finance Department, where it will be registered in Oracle Financials before being sent to the authorising department.

The authorising department shall check the purchase order and delivery note to the invoice. If the invoice does not match, the supplier will need to be contacted to inform them of the discrepancy. If an invoice is to be amended or reissued following a dispute, the original must be returned (unsigned) to the Finance Department with a brief note attached, for cancelling off the ledger.

If there is no discrepancy then the invoice must be certified correct and must be authorised by an appropriate signatory, and returned to the Finance Department for payment.

The Finance Department will match the purchase order to the invoice in Oracle Financials and will process the payment. Suppliers' payment terms will be taken but the Council will pay any local suppliers on the next available payment run (an 'immediate' payment).

The Finance Department holds a list of Council officers, who are authorised to purchase goods or services and sign invoices for payment. Invoices will only be paid when signed by a person who is on this list and the total value and expenditure code of the invoice falls within their limit. Invoices authorised by a person who is not on the list of authorised staff will not be processed for payment and will be returned for correct signing. Similarly, an invoice will also be returned if the total value is above an authorised persons limit.

It is very important that you establish what authorisation you have before signing off invoices. If invoices have to be sent back because of incorrect authorisation, there will be a delay in paying the supplier. Some companies offer discounts for early payment and this will be lost if the above procedures are not carried out correctly and in a timely manner.

If you are unsure whether you are authorised to sign off invoices, please speak to your line manager or the Finance Department.

6. Segregation of duties

The Financial Regulations set out the internal control environment for the Council's operations. For purchasing, it is a requirement that duties shall be 'segregated' and not one person has the authority to place an order, receive the goods and process the invoice for payment. This segregation should be obvious, transparent and evidenced.