"No PO, No Pay" Policy

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Contents

1. INTRODUCTION

1.1 This Procedure underpins the Council's Supplier Incentive Programme (early payment scheme) and constitutes an instruction to all relevant officers.

2. SCOPE

2.1 This Policy covers all expenditure and applies to all staff with requisitioning and receipting responsibilities within the Council.

3. AIMS

3.1 This Policy aims to ensure that:

- All spend is supported by a valid authorised Purchase Order **prior to requesting the provision of goods/services**.
- Efficient processes are embedded to ensure that goods, services or works are delivered when needed.
- The recipient of the goods, services or works shall action the receipt in the Agresso system as soon as they are delivered/services performed (ie, **not** upon receiving the invoice).
- Invoices from suppliers are paid within statutory deadlines.
- Cost control is effective and therefore:
  - all expenditure incurred by the Council is valid and appropriately authorised; and
  - minimising transactional costs associated with payment for goods and services.

4. OBJECTIVES

4.1 The principle to be adopted is that if no Purchase Order has been raised prior to requesting and/or receiving goods/services/works, no payment will be made. Using Agresso to raise Purchase Orders allows for improved cost control via the Agresso system authorisation hierarchy.

4.2 It is the responsibility of Redcar and Cleveland Borough Council to ensure that all staff comply with this Policy. Suppliers will also need to comply and provide adequate information when supplying invoices to enable prompt payment.

5. PROCEDURES

5.1 The Council must ensure that all goods and services it receives have been appropriately authorised and receipted promptly in order that invoices can be paid in accordance with the agreed contractual terms. This also supports prompt payments to its suppliers.

5.2 **Raising a Requisition to generate a Purchase Order**

   5.2.1 The first stage in this process is that all goods and services are requisitioned using the Agresso system

   5.2.2 Requisitions can only be approved by an Officer with authority for specified Cost Centres up to an agreed threshold which is configured in the Agresso system approval hierarchy. The Agresso system will automatically select the relevant Approver and automatically workflow through the hierarchy until fully approved.

5.3 **Receipt and Payment**

5.3.1 The Accounts Payable function will pay suppliers where:

- the Council has officially ordered goods or services; and
- the goods or services ordered have been delivered and receipted; and
- an Invoice has been received with a valid Purchase Order number on it.

5.3.2 All staff should note that Purchase Orders must be receipted promptly and accurately in the Agresso system. Reminders will be automatically sent every other day from the Agresso system. This is an essential contribution to the integrity of the Agresso system and unless Purchase Orders are receipted, payments cannot be made.

5.4 **To enable Payments to be made**

5.4.1 The following will normally be provided:

- A valid and approved Agresso Purchase Order number is raised.
- An Agresso system Goods Received Note (GRN) is actioned.
- A supplier Invoice is received quoting the correct valid Purchase Order number.

5.5 **Procedure in case of Non-compliance**

5.5.1 Invoices received by the Council which do not quote a valid Purchase Order number will be returned to the Supplier requesting re-submission of the Invoice quoting a valid Purchase Order number.

5.5.2 All Invoices from Suppliers must be submitted to redcaraccountspayable@redcar-cleveland.gov.uk. If any invoices are sent by Suppliers directly to the service area, suppliers will be contacted and advised of the correct email address and procedure.

5.5.3 Invoices blocked and awaiting goods receipt after 1 day will follow the below escalation process:

- **Email** – A missing goods receipt reminder will be sent to the Requisitioner to receipt, (this will occur every other day until goods receipt is completed).
- **Final Acceleration** – Transactions Team (Accounts Payable) will review and escalate non-compliance on a monthly basis.
- Invoices not receipted if they are in dispute – Accounts Payable will request a Credit Note where goods/services/works not received.

5.5.4 Monthly reporting will take place internally to ensure that outstanding goods receipting is carried out in a timely manner and to identify retrospective requisitions raised (ie, a Purchase Order is raised after goods/services have been ordered and the invoice is received).

5.5.5 Remedial training will be provided to staff where appropriate.

5.5.6 Non-compliant Invoices (Invoices received with no Purchase Order number on) will not be paid and may result in the Supplier being removed from Agresso and contracts terminated with the Supplier.

6. RESPONSIBILITIES

6.1   This Policy applies to all Council staff. The responsibility for administering it and for highlighting cases of non-compliance sits within the Transactions Team (Accounts Payable) and the Corporate Procurement Team.

6.2   In detail this means:

6.2.1   Accounts Payable and Corporate Procurement will produce management information and distribute it to the service areas and communicate the importance of this Policy.

6.2.2   Where invoices are received into the Transactions Team (Accounts Payable) without a valid Purchase Order number, the invoice will be returned to suppliers via an automatic alert from the following email address noreply@proactis.com to inform that without a PO, the invoice cannot be paid, this will then update the Council's financial system and retain the original invoice receipt date. Returned invoices will activate a total of 5 reminders being sent to suppliers, if the emails are not responded to, the link will expire, and suppliers will need to resubmit their invoice.

6.2.3   Where the above results in the Council being placed on stop by the Supplier, the matter will be formally escalated to the respective Directorate. It will then be a joint decision whether to protect supply by authorising payment on a discretionary basis or to seek supplies from an alternative source.