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**MERTHYR TUDFUL**  
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County Borough Council

# Purchasing Policy

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# Purchasing Policy

## Key Messages

- Purchasing is key to ensuring that Council services are delivered effectively. The correct management and control of purchasing needs is vital to balancing the Councils budgets.
- The time required to source and select goods and services across the Council can consume many hours of the day, preventing staff from concentrating on core activities. Digitising the purchasing process will remove the need for sourcing which is a drain on scarce resources.
- Purchasing will be controlled primarily by the Council's purchase to pay system utilising the established workflows in the system to govern what orders leave the Council
- All requisitions on the system will be challenged in accordance with this policy by budget approvers and professional buyers.
- The purchasing system is maintained by the Procurement Department.
- A spend review process will challenge spend that has occurred to establish the future need – see section 6.
- All non P2P ordering processes across the council will systematically be reviewed.
- As procurement activity develops across the Council, the procurement team will, make available details of all Contracts available for use on the Council's Purchase to Pay (P2P) system.

## Aims

This policy aims to

- Reduce the overall spend of the Council.
- Reduce manual administration associated with purchasing.
- Achieve fullest accountability at all levels whilst ensuring an adequate audit trail.
- Support the roll out of a 'prompt payment policy' to our supply base.
- Ensure that levels of monitoring and training exist to ensure proper compliance and that this policy is regularly reviewed to take account of new circumstances.

## Status

This policy

- Is created to supplement the current financial procedure rules
- Is created to support the Procurement Rules
- Shall govern all 3<sup>rd</sup> party expenditure minus exceptions (see section 4)

Any query regarding exceptions within this policy shall be referred to the Procurement Manager for resolution.

Failure to adhere to this purchasing policy may result in disciplinary procedures.

This policy is not intended as detailed guidance for implementation and they should be read in conjunction with relevant training materials, P2P FAQ's, and the Procurement Rules.

The Procurement Manager shall undertake a formal review of this policy at least every two years.

## Who is affected by these Procedure Rules?

Any Officers delegated with responsibility for the purchasing of goods, services (including consultants) for or on behalf of the Council in accordance with the Scheme of Delegation.

## 1. Purchasing Processes

- 1.1 The P2P system manages the purchasing cycle from creation of a requisition to payment of invoices. The system operation is governed by a workflow which ensures that adequate challenge and approval processes are in place for each requisition created. Workflows are explained to users at time of training
- 1.2 Requests for new users will be processed by the P2P team. The system is updated twice per week on Monday and Thursday.
- 1.3 Requests for new suppliers will be processed by the P2P team. Users of the system should ensure that sufficient time is given between the request for a new supplier and the placing of the order. Supplier information is updated twice per week on Monday and Thursday.

## 2. Benefits

- 2.1 Use of the P2P system provides a number of benefits that improve the way that purchase ordering and payment is facilitated across the council.
  - Single common platform across the council, standardising processes and procedures.
  - Provides better visibility of spend data
  - Drives compliant behaviour and assists in the identification of non-compliant spend
  - Improved resource efficiency through the mandate of e-procurement.
  - Reduces non efficient manual order processes
  - Provides a platform to enable the challenge of order requirements
  - Improved invoice payment terms
  - Increased budget manager accountability for third party spend
  - Reduces the volume of single use suppliers through consolidation of spend through larger contracts or frameworks
  - Overall, the system reduces transactional effort both within service areas and the central payments team.

## 3. Purchasing Policy

- 3.1 Employees that order goods and services on behalf of the Council must adhere to the rules set out in this policy.
- 3.2 Manual order books will **not** be used unless the related orders are listed in the exception list.
- 3.3 Employees must ensure that all requirements ordered are accompanied by a valid purchase order number
- 3.4 All employees that order goods and services must undergo training on the system prior to use.

- 3.5 All order requirements must be raised as a requisition on the P2P system.
- 3.6 Purchase cards must not be used to avoid using the P2P system without prior approval from Procurement.
- 3.7 Employees should not attempt to circumvent any published compliant catalogue. Catalogues are created to reduce administration associated with ordering goods and services.

### **3.8 The requisition & GRN (Goods Received Note) process**

- 3.8.1 Requisitions must contain appropriate details to complete the form(s). All details are contained within the P2P FAQ's which are issued periodically to P2P users and is available on the Council's intranet
- 3.8.2 In the first instance, catalogues should be used when creating requisitions.
- 3.8.3 A list of the available catalogues will be maintained by the P2P team and published on the intranet.
- 3.8.4 Only where a catalogue cannot fulfil the requirement should a 'free text' order be raised.
- 3.8.5 If it is not known by the requisitioner which supplier should be used for a requirement, the requisitioner should check with the P2P team before creating a requisition.
- 3.8.6 Employees should ensure that the request for new suppliers on the system is minimised by directing orders to the existing supply base where possible. Adding new suppliers have to be justified and could trigger procurement intervention depending on overall cost of requirements.
- 3.8.7 All requisitioners will complete a GRN (goods received note) on the P2P system when goods or services have been received. Failure to complete the GRN process will delay payments and may result in suspended credit accounts with our suppliers.

### **3.9 The Authorisation Process**

- 3.9.1 Approvers should ensure that requisitions are actioned in a timely manner
- 3.9.2 The authoriser of the requisition should not simply 'approve' the request. All requisitions (free text and catalogue) should be challenged on the basis of business need.
- 3.9.3 Free text orders will also be challenged and approved by the P2P team.
- 3.9.4 Some orders depending on their content may also have an additional approval/challenge chain. These are defined as commodity or supplier approvers on the system.

### **3.10 The Invoice Process**

- 3.10.1 Where an invoice is delivered direct to the requisitioning department related to an order in accordance with exceptions - outside of P2P, this must be forwarded to Central Payments within 5 working days. There is no requirement to complete the 'agresso' stamp for any invoice related to a P2P order.
- 3.10.2 Queries related to invoices where an invoice value is more than the original order value will be directed to the budget approver in the first instance. Budget approvers must ensure that prompt responses are given to any request from central payments.

## 4 Exempt Orders

The following **initial** list is exempt from P2P ordering:

- 4.1 General schools expenditure.
- 4.2 Any requirement where the employees normal place of work does not have access to ICT – school catering as an example.
- 4.3 Works orders related to the Council Estate where orders are subject to control via Technology Forge.
- 4.4 Works orders where these are subject to certification by a contract administrator.
- 4.5 Waste disposal
- 4.6 Cyclical payments such as sanitary bins which are subject to periodical invoicing following services rendered.
- 4.7 Payments to individuals. – including foster care and direct payments
- 4.8 Social Care placements.
- 4.9 Emergency orders – which will be subject to manual order held by a director or procurement manager.
- 4.10 Utility bills
- 4.11 Grant Payments
- 4.12 Home to school transport.
- 4.13 Purchase card payments in accordance with the purchase card rules

## 5 Monitoring and enforcing this policy

- 5.1 The policy will be monitored by the procurement team. Central payments will highlight to procurement and P2P on a monthly basis invoices that have been received which originated from manual orders.
- 5.2 The policy will be reiterated to departments that use manual orders and support will be offered to assist migration to P2P.
- 5.3 Continued breach of policy will result in escalation to the relevant head of service and where necessary to the relevant corporate director.

## 6 Spend Review Process

### Spend Review Process: Enhanced P2P Process

Increasing the volume of payments through P2P will increase the number of approvals that need to occur for this spend. Budget Holders will be expected to provide a greater level of challenge around the need for this low level spend. It is expected that Budget Holders will reject a portion of this spend as it will not be required, and so budgets can be removed either proactively or retrospectively to match this rejected spend.

