

Accounts Payable Policy

Scope

Accounts payable represents the council's financial obligation to pay suppliers for goods and/or services (including works) that have been received or will be received in the future. This policy establishes how the council will make payments for its procured goods and services.

This excludes the purchase of services through the Liquidlogic Adult and Children's Social Care systems.

Lancashire County Council has a 'no purchase order, no payment' policy

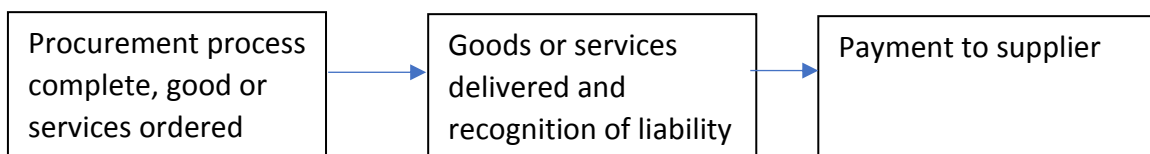
Payments will only be made when all of the following three conditions are met:

- An appropriately authorised purchase order has been sent to the supplier
- The receipt of the goods/service has been recorded against the purchase order
- A VAT compliant supplier invoice is received quoting a receipted purchase order

All these transactions are to be recorded using the council's core finance system (Oracle).

Stages of the Procure to Pay process

The overall process of purchasing goods and services is shown in the diagram below:



Ordering goods/services

Purchase orders are documents given to the supplier that identify the nature of the goods/services requested, including the quantity, unit price and description.

The purchase order must be authorised for it to be a valid purchasing instruction. Purchase order authorisation limits are subject to the following financial limits:

	Approval Limit
Director	£10 million
Head of Service	£500,000
Grade 10-12	£250,000
Requisitioner self-approval	£500

Amounts above £10 million must be approved by the relevant service Executive Director in conjunction with the Director of Finance.

The Head of Procurement will determine the appropriate requisition approval limits for those orders raised by the Procurement Service. A requisition is an internal document sent from a service department to the Procurement Service describing a request to purchase goods, services and/or works. From an approved requisition, a purchase order is created. A purchase order is an external document that will be issued to the supplier to provide key order information from which they can plan and organise delivery.

Contracting with suppliers

A supplier must commit to:

- Provide goods/services only when in receipt of a valid Purchase Order generated from the council's ordering system.
- Quote the valid Purchase Order number on all invoices or credit notes submitted to the council. Invoices without a valid Purchase Order number will be returned to the supplier.
- Submit directly to the council's Finance Department Account Payable team all invoices and credit notes electronically through any reasonable means requested by the council.
- Provide credit notes for any goods returned or service not delivered.
- Accept all payments by BACS.
- Where feasible, and in discussion with the council, provide electronic catalogues of goods/services provided to simplify purchasing.

Supplier Invoice

A valid supplier invoice will contain the following details:

- Supplier name
- Full Postal Address
- Document Type (Invoice, Credit)
- Unique Invoice Number
- Tax point date
- Amount before tax
- Purchase Order Number
- VAT amount
- Amount after tax
- Description of goods/service
- Quantity
- Unit Price
- Freight (if applicable)
- Currency
- VAT registration number (if applicable)
- Company Registration Number (Limited Companies)
- Payment Terms

- Bank Details (Bank, Account Number and Sort Code), Payee Name if Factored
- Contact details for invoice queries

Where payments are to be made in foreign currency denominations the settlement date must be identified if required.

Payment Terms and Conditions

Unless contractually committed to other terms, all valid invoices will become due for payment 30 days after receipt. Where contractual clauses are agreed which vary the terms of payment, these will be honoured.

The council reserves the right to withhold payment where the goods/services have not been provided in accordance with the contract. The council expects its suppliers to pay any sums due to sub-contractors promptly and within a period not exceeding that set out above.

Payment

The council will make payment to suppliers by BACS transfer. Payment will be made within the suppliers contracted credit terms as measured from the date of receipt in the council's Finance Department Accounts Payable team.

Urgent payment procedure

Where a payment for the purchase of goods/services is required to be made urgently due to the absence of an appropriately receipted purchase order or in advance of credit terms.

The urgent payment must be authorised by an appropriate Head of Service by email. In situations of persistent use of the urgent payment procedure the Director of Finance may determine to levy a £100 processing charge.

Alternative Payment methods

Where payments are to be made that do not relate to a material purchase of goods and/or service, the following alternative payment methods are available. Authority for use is subject to the agreement of the Director of Finance together with the appropriate Executive Director:

Payee

For payment to private citizens (not companies) for the reimbursement of costs that they have incurred on behalf of the county council. A maximum of £1,000 per person per annum is applicable. These payments will be made as a direct payment through the council's finance team when the request is received from an authorised staff member.

Transfer Payments

For payments to public bodies or partner organisations as directed by law, legal direction or formal contractual agreement. These payments will be made as a direct payment through the council's finance team when the request is received from an authorised staff member.

Credit Card

For ad-hoc spend in pursuit of delivering council services. Must not be used for personal expenses or administrative expenditure.

Credit cards may be attributed to:

- Individual employee
- Group of employees

Credit cards will be subject to a person specific and transaction level financial limit, as agreed between the Director of Finance and the relevant Head of Service.

Cash/Cash equivalent

For ad-hoc spend in pursuit of delivering council services. Must not be used for personal expenses or administrative expenditure. The following tools are available to access cash/cash equivalent payment:

- Paypoint
- Debit card
- Imprest account

These methods will be subject to a person specific and transaction level financial limit, as agreed between the Director of Finance and the relevant Head of Service.