**BLAENAU GWENT NO PURCHASE ORDER, NO PAYMENT POLICY**

**GUIDANCE FOR BLAENAU GWENT COUNCIL SUPPLIERS**

**Introduction**

Blaenau-Gwent County Borough Council (BGCBC) has introduced a No Purchase Order, No Payment (No PO No Pay) Policy to support its on-going commitment to improving the way that it buys goods, services and works, ensuring value for money for its residents and an effective relationship with its suppliers.

Adherence to this policy is important to safeguard both the Council and our suppliers as:

1. it ensures that the Council only pays for goods and services which have been properly ordered and authorised in accordance with its Contract Procedure Rules (CPRs);
2. it supports the payment vetting process, ensuring that the Council is not inadvertently or erroneously charged for the services and goods it procures;
3. it ensures that invoices received can be processed efficiently; and
4. it provides suppliers with assurance that it is safe to commit resources to fulfil the purchase order in line with agreed terms, and to ensure that payment for such goods or services will be prompt and made without undue delay.

The policy applies to ALL orders for goods, services or works delivered to the Council, with some specific exceptions as listed in these Guidance Notes.

**GN1: What is a Purchase Order?**

A purchase order (commonly abbreviated as PO) is a commercial document that is issued by an organisation to a third-party supplier in order to specify its commitment to purchase a certain type and quantity of services, goods or works against some pre-agreed terms.

POs have unique reference numbers that must be quoted by suppliers on their invoice in order to demonstrate that their supply of services, goods or works has been duly ordered and authorised by their client.

At Blaenau-Gwent Council, POs are raised through its e-Purchasing System. Valid POs issued by the Council will follow the format *ABCD12345*, where *ABCD* identifies the relevant service area and *12345* refers to a system generated unique order reference number related to the originating Directorate/Section reference.

**GN2: What is No PO, No Pay?**

The No Purchase Order No Pay, or ‘No PO No Pay’ policy is both a methodology for creating an efficient environment in which the Council can manage and monitor every £1 it spends with its supply chain, and a tool to ensure that suppliers only engage in business transactions that are legitimately ordered by the Council.

Under this policy, payments are only made to suppliers where the supplied invoice (paper or electronic) contains a valid official purchase order (PO) number.

**GN3: Why is No PO, No Pay important?**

No PO No Pay is one of the Council’s key policies aimed at enhancing the efficiency of its procure to pay process as well as ensuring robust governance and control. The No PO No Pay policy benefits both the Council and its suppliers by ensuring that:

1. the Council only pays for goods and services which have been properly ordered and authorised in accordance with its Contract Procedure Rules (CPRs) before receiving an invoice for such goods or services;
2. the Council is not inadvertently or erroneously charged for the services, goods or works it procures;
3. invoices received by the Council can be processed efficiently; and
4. assurance can be given to suppliers that it is safe for them to commit their resources to fulfilling the purchase order in line with agreed terms.

No PO No Pay also provides a robust mechanism through which the Council can gather and develop reliable management information to enable it to monitor, manage and plan its future procurement needs and its ‘pipeline’ of third-party expenditure.

**GN4: When does No PO No Pay come into effect, and what does it apply to?**

The No PO No Pay policy applies now and applies to all orders for goods, services or works placed with the Council, other than those listed in section GN8 below.

**GN5: How does No PO No Pay work?**

All invoices submitted by suppliers and contractors MUST contain an official PO number issued by the Council **IN ADVANCE** of the Council being in receipt of the services, goods or works.

The PO number is generated from the Council’s e-Purchasing System. It is raised by an authorised officer and must be provided to the supplier **BEFORE** a commitment can be made to spend Council funds.

In very exceptional circumstances (see GN7 below) an Emergency PO may be supplied without a PO number, although even this must be followed up with a valid PO number within two working days. The PO number will need to be included on the invoice to be sent to the Council for it to be processed correctly.

**Any invoice received by the Council that does not quote a valid PO number may not be processed and will be returned to the supplier, resulting in no payment or severe delays in the supplier being paid**.

**GN6: What constitutes a valid PO?**

A valid PO is a purchase order issued by the Council’s e-purchasing system bearing a specific PO number.

Suppliers **must not**, under any circumstances, accept any verbal or other written order from a Council officer unless either a valid PO number is given, or an Emergency PO is issued, or an exception as set out and executed in accordance with the information provided in GN8 below applies. Any invoice received by the Council that does not contain a valid PO number will not be processed and will be returned to the supplier, unless it is covered by an Emergency PO (see GN7) or qualifies as an exception (see GN8).

**GN7: What circumstances may give rise to an Emergency PO?**

An Emergency PO may be raised by the Council in those circumstances requiring the immediate supply of services, goods or works in response to an emergency; typically, but not exclusively, related to protecting the health and safety of an individual or the public.

In such circumstances, an Emergency PO can only be authorised by a member of the Corporate Leadership Team or the relevant Service Manager.

As previously mentioned, a PO number will be issued within two workings days of the Emergency PO.

**GN8: Exceptions not requiring a PO**

The following exceptions do not require a valid PO number. This list is under constant review and any further changes will be communicated to our suppliers by email or through the Council’s website.

The Exceptions List currently covers:

* Treasury management loan and investment transactions
* Members grants
* Lease payments
* Periodical payments of rents and rates (excluding venue hire)
* Payments to or on behalf of Public Bodies (but relating only to partnering projects or arrangements. An order should be raised in respect of any procurement related spend. Also includes payments to Greater Gwent Pension Fund and other organisations/bodies in relation to payroll deductions
* Payments to Approved Individuals (e.g. Foster Payments, Volunteers, Direct Payments)
* Use of Purchasing Cards (P-Cards)
* Expenses
* Public utility service payments processed through TEAM

**GN9: Does No PO No Pay affect the provision of services to Schools?**

The application of the No PO No Pay policy to the provision of goods, services and works provided to schools is being discussed, and the outcome of this will be reflected in any future updates of these guidance notes.

**GN10: Where should suppliers submit their invoices to?**

The purchase order will confirm where invoices need to be submitted to. The Council’s preference is for suppliers to email their invoices to the email address specified on the PO. Suppliers also have an option to mail their invoices to the appropriate mail address which is also specified on the PO.

**GN11: Will suppliers get paid any quicker if invoices quote a PO number?**

Quoting a PO number on an invoice does not itself trigger entitlement to an early payment or settlement of an invoice. However, an invoice with a valid PO number will ensure that the Council can process the invoice as efficiently and quickly as possible. It also assures suppliers that the relevant funds to pay for the services have been committed.

Of course, the opposite applies. The Council’s Creditors Team are instructed not to process the payment of invoices that do not quote a valid PO. Suppliers that choose to deliver services, goods or works to the Council without a valid PO number or Emergency PO do so at risk.

**Note**: Although not related to the No PO No Pay policy, the Council does offer early payment incentives to its suppliers. Further details of this can be requested from the Council’s Procurement Team at corporate.procurement@blaenau-gwent.gov.uk or telephone 01495 311556.

**GN12: What should a supplier do if it does not have a PO number, or an invoice is issued without a PO number has been rejected?**

Suppliers should contact the member of Council staff who they believe instructed the supply of goods, services or works and ask them to provide a PO number, copying their request to the following email address corporate.procurement@blaenau-gwent.gov.uk.

The Council will investigate the circumstances under which the alleged instruction and supply of goods, services and works took place.  In the event that a retrospective PO is authorised at this point, the supplier will be provided with a PO number and a fresh invoice quoting the said PO number can be re-submitted.

**GN13: What should I do now?**

Suppliers are encouraged to ensure that members of staff who receive orders to supply goods, services or works to the Council are equally aware of the No PO No Pay policy and insist on being supplied with an official PO number by the Council to assure themselves of payment.

**GN14: What should I do if I am not a current supplier of the Council and I have received notification of the No PO No Pay policy?**

This policy is being communicated to all suppliers on our database. Some of our suppliers may provide services, goods or works to the Council on a seasonal basis, or for specific events, or on an ad hoc basis in response to particular circumstances and may not be doing so at the time this policy is issued. If you fall in any one of these categories, please note the content of this policy ahead of any future supply.

If you no longer provide services to the Council, or you wish to cease being a supplier let us know so that we can update our records accordingly and avoid unnecessary future communications.