



FINANCIAL CONTROL PROCEDURE:

REQUISITION AND ORDERING OF GOODS AND SERVICES

Initiated by: Director of Finance & Procurement

Approved by: Audit and Risk Committee

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Budget Holders
Requisitioners of Goods and Services

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This policy has been subject to a full equality impact assessment.

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1.0 SCOPE & PRINCIPLES

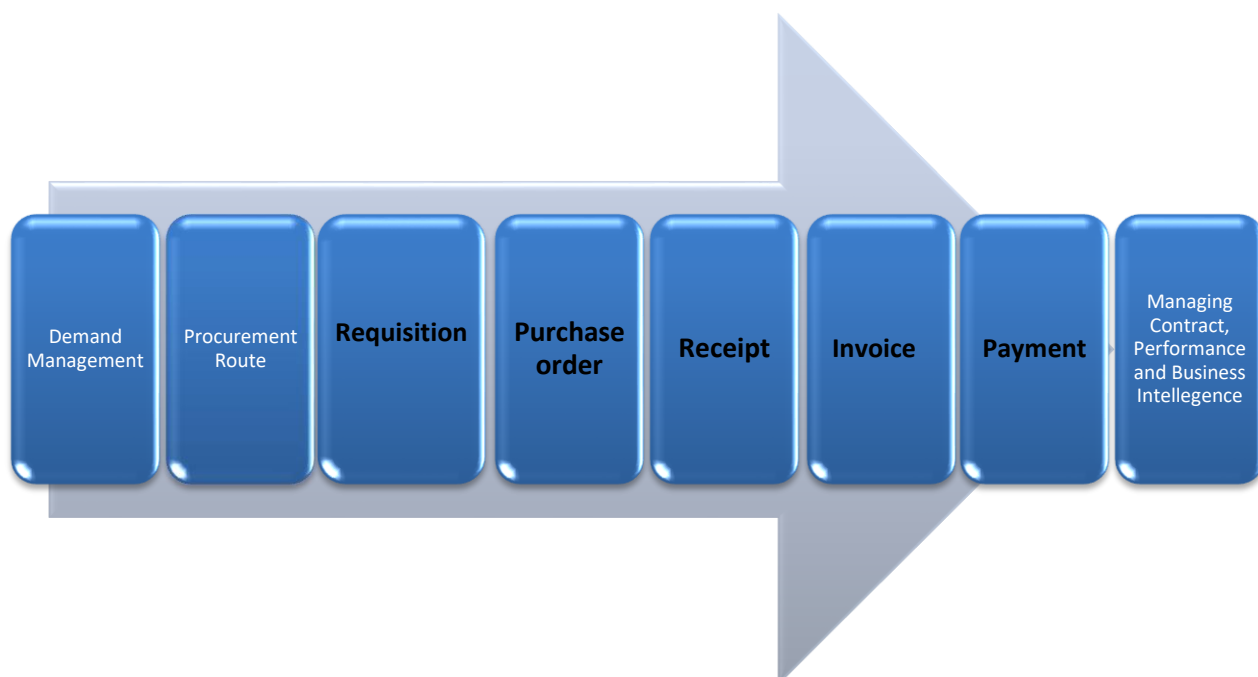
- 1.1 This procedure details the principles underlying the 'Purchase to Pay' process from the requisitioning of goods and services to ordering, and which ultimately commits the UHB to make a payment to the suppliers of those goods and services.
- 1.2 The procedure should be read in conjunction with Standing Orders, Standing Financial instructions and other relevant financial control and procurement procedures, in particular, [Scheme of Delegation](#), Creditor Payments, Capital Monitoring, Charitable Funds, NWSSP Procurement Services [Procurement Manual](#), [NWSSP Finance Academy Purchasing Compliance](#), [NHS Wales No PO No Pay](#), and [Sustainable Procurement Policy](#) ~~and the Scheme of Delegation~~.
- 1.3 The Director of Finance [and Procurement](#) is responsible for ensuring that proper financial control and segregation of duties exist in the requisition and purchasing of goods and services, and the letting of contracts.
- 1.4 In order to exercise proper financial control, the Director of Finance [and Procurement](#) shall stipulate the officers authorised to requisition goods and services, and the financial limits attached to that authorisation.
- 1.5 The responsibility to ensure that proper control is maintained over the ordering of goods and services, including the need to achieve value for money, rest with the delegated budget holders. Whilst the Financial Management System has inbuilt controls, which will not allow requisitions to be processed/approved by officers not in the predetermined hierarchy, budget holders must ensure that financial limits are not breached and that requisitions are only being completed for appropriate goods and services. The Financial Limits for non-pay is detailed within **Appendix 1**.
- 1.6 Individual transactions exceeding the delegated limits in Appendix 1 must not be deliberately split in order to circumvent the limit. If evidence of this is found, the issue will be reported to the Director of Finance [and Procurement](#) as a breach of financial procedures.
- 1.7 The Director of Finance [and Procurement](#) shall ensure that control mechanisms are in place to identify any breaches and to take appropriate action. This shall include the use of Internal and External Auditors.

2.0 PURCHASE TO PAY 'P2P'

2.1 The Purchase to Pay process is designed to ensure that goods and services requested are valid and appropriately authorised and ensuring:

- appropriate non-pay expenditure control;
- the goods and services are delivered when required, correctly and in a timely manner; and
- invoices are paid to suppliers within the required deadlines.

2.2 The Purchase to Pay 'P2P' process flow is illustrated below



3.0 REQUISITIONS NON STOCK

3.1 The requisitioning process is an internal process which authorises the commitment of expenditure. Requisitions **must** therefore be authorised by officers responsible for managing the budget against which the expenditure is charged

3.2 There are 2 requisition 'types' used within the UHB:

- a) Electronic requisitioning via the Oracle Financial Management System; and

b) 'Paper' based requisitioning predominately used for ordering goods and services from Charitable Funds and ordering items from stock items held within Central Stores managed by the NWSSP Shared Services Procurement Supply Chain.

- 3.3 Drugs, appliances and petty cash purchases are dealt with outside the Oracle system.
- 3.4 All requisitions processed via the Oracle Financial Management System will be automatically sent to the appropriate Authorising Officer for approval, set in accordance with the UHB's Scheme of Delegation. It is the responsibility of the Authorising Officer, in conjunction with the Procurement department, to ensure that the goods/services being requested are valid, appropriate and represent value for money before approval is given.
- 3.5 The Oracle Systems Administrator is responsible for maintaining the approval hierarchy within the Financial Management System. Any changes to the hierarchy must be in accordance with the UHB's Scheme of Delegation.
- 3.6 When an Authorising Officer has a planned absence from work a re-assignment rule must be set up on the system. This will allow the Authorising Officer to reassign responsibilities for approving requisitions along with their approval limit to an appropriate officer. **Reassignment is usually expected to go across or up the hierarchy structure.** A Director may delegate to a deputy during periods of absence although they will still retain responsibility for the delegation.
- 3.7 The System Administrator shall ensure that proper security arrangements are in force which shall include adequate segregation of duties and use of password control.
- 3.8 Requests for new users on the Financial Management System must be made by Clinical Service Group Directorate Managers (or equivalent) by completing a New User Set-up form; **Appendix 2** and sent through to the generic e-mail address for the System Administrators, CTT_FinSystemsAdmin@wales.nhs.uk
- 3.9 Formal training on Oracle requisitioning and approval is conducted by the NWSSP E-enablement Team, email requests for training should be directed to NWSSP_Procurement_eEnablement_ServiceDesk@Wales.nhs.uk

4.0 REQUISITIONS STOCK (Central Stores)

- 4.1** Stock items shall be obtained from NWSSP Central Stores, based in Bridgend (Shared Services Procurement Supply Chain) via automatic data capture (ADC), or pre-printed controlled stationery issued to the nominated requisitioning officers. The Authorising Officer is responsible for ensuring that the procurement is necessary and not excessive before certifying the order.
- 4.2** The Receiving Officer shall be responsible for checking deliveries against the delivery note. The delivery note shall be retained by the Requisitioning Officer and filed. Any discrepancies must be taken up with the Supply Chain within 48 hours.
- 4.3** For emergency requisitions, the responsibility shall be with the requisitioning officer/s (subject to proper authorisation) to make arrangements directly to the Supply Chain via e-mail.
- 4.4** For departments that are permitted to request goods through on line/remote requisitions, such as Catering, proper security arrangements must exist. In particular system access should be restricted and there should be sufficient segregation of duties between the ordering and receipting process. The departmental manager is responsible for ensuring the existence of appropriate control processes.

5.0 PURCHASE ORDERS

- 5.1** A Purchase Order is formal authorisation to purchase goods or services on behalf of the UHB. This is an **external** document.
- 5.2** Following receipt of an approved requisition; a purchase order will be generated in 2 ways;
 - automatically via the Oracle Financial Management system; through a catalogue request, where orders go directly through to suppliers
 - via the Procurement Department; through a non catalogue request
- 5.3** The UHB adopts the principle of a 'No PO, no Pay' approach, i.e. if no Purchase Order (PO) has been raised, a dispute will be raised with the supplier and no payment will be made for goods and services received until such time the PO is raised.
- 5.4** It is clearly in the interests of suppliers (who want to get paid) and departments (who want the goods/services) to ensure Purchase Orders are raised and therefore comply with the agreed process. The following measures will be followed to ensure compliance and mitigate against the risk of interruption of supplies.

Stage	Action
1	Reminder to staff (including <u>Clinical Service Group</u> Directorate Manager, <u>or equivalent</u>) of the procedure and the reasons for it
2	Specific first reminders to non-compliant suppliers and requisitioners (including <u>Clinical Service Group</u> Directorate Managers, <u>or equivalent</u>) Appendices 3 & 4
3	Remedial retraining and formal performance management for NHS Staff
4	Suspension of payment to non-compliant suppliers
5	Removal of contracts from non-compliant suppliers

- 5.5 The Head of Procurement will be responsible for monitoring any non-compliance through retrospective raising of orders. Any department/s and or directorate/s who continually breach the process will be reported to the Director of Finance and Procurement and, where appropriate, to the Audit and Risk Committee.
- 5.6 Any clarifications or discussions regarding price will be carried out by Procurement staff prior to any orders being placed. All orders raised shall be consecutively numbered.
- 5.7 The following departments shall be authorised to issue local orders direct to suppliers:
- Pharmacy for drugs only
 - Appliances team
- 5.8 There may be exceptional circumstances when urgent order numbers are required. These can be obtained by contacting the Procurement Department (within working hours). These requests **must** be followed up by a non catalogue request clearly marked "**confirmation**" in the note to buyer section and containing the confirmation order number, within two working days of the order number being issued.
- 5.9 The use of the confirmation orders system must be kept to an absolute minimum, and will be monitored on a regular basis by the Head of Procurement and reported periodically to the Director of Finance and Procurement.
- 5.10 The procedures in respect of non-stock requisitions shall be equally applicable to confirmation orders

6.0 CAPITAL PURCHASES

- 6.1 The responsibility for authorising goods and services from the UHB's Capital Programme shall rest with the Director of Finance and Procurement~~Planning & Strategy~~, in accordance with the Financial Limits Policy.
- 6.2 Procedures governing the ordering of capital items are covered in greater detail within the UHB's financial procedures on capital monitoring. It should be stressed that the principles for ordering capital items are no different to revenue items,~~except that the Director of Planning & Strategy is the delegated budget holder for all schemes.~~
- 6.3 All discretionary capital purchases shall be processed via the Oracle Financial Management System.
- 6.4 The Head of Procurement shall notify the Head of ~~Finance for~~ Capital of any proposed leasing of equipment in order for an assessment to be made as to whether the lease should be classified as operational (revenue) or finance (capital) under International Financial Reporting Standards. All Finance Leases should be processed through the capital purchases route.

7.0 CHARITABLE FUND PURCHASES

- 7.1 Procedures governing the ordering of goods and services from Charitable Funds are covered within those financial procedures.
- 7.2 The responsibility for requesting all charitable expenditure will rest with the nominated fund holder.~~For General Purpose Funds and some Special Purpose Funds, this shall be the Chief Executive.~~ Authorisation for all charitable fund expenditure shall be in accordance with the Scheme of Delegation.

8.0 RECEIPTING

- 8.1 Receipting is an integral part of the P2P process. This process certifies that the goods and services have been received in a satisfactory condition.
- 8.2 Receipting should be undertaken **within two working days** upon satisfactory receipt of the goods or services. This is of particular importance around the month-end and year-end processes, ensuring expenditure is allocated within the correct reporting periods, and ensuring the UHB meets its Prompt Payment target.

- 8.3 Responsibilities for receipting of goods and services normally rest with individual departments. Where goods are received at a central R&D (Receipt & Distribution) point, the receipting responsibilities lie with NWSSP staff working in those areas.
- 8.4 The receipting process can be undertaken by an appropriate member of staff within the Department who has been given Oracle access for this purpose.
- 8.5 The receiving officer will verify the quantities or services received, and arrange for the receiving details to be entered onto the Oracle Financial Management System.
- 8.6 Requisitioning officers shall check their lists of un-receipted items on a regular basis to ensure that all goods and services received have been booked in, or to follow-up on delivery.
- 8.7 When goods received are damaged or unserviceable at the time of receipt, the carrier's notes and the delivery note should be clearly annotated "GOODS DAMAGED". The goods should be retained by the receiving location and details passed onto the Procurement Department using the Returns procedure.
- 8.8 The Procurement department will notify the supplier, and arrange a replacement or credit note. Any invoice shall be placed "in dispute" until such time as the query is satisfactorily resolved.

9.0 PAYMENTS

- 9.1 The following are required to enable payment of suppliers

- A valid and approved Oracle PO number
- An Oracle Goods Receipt Number (GRN)
- A Supplier invoice quoting the correct PO number

The PO, GRN and invoice need to match within agreed tolerance limits to enable the invoice to be paid

- 9.2 Creditor Payments are covered in Financial Control Procedure FP6, which should be referred to for detailed requirements within the payment process

10.0 QUOTATIONS & TENDERS

- 10.1 The Head of Procurement is responsible for establishing protocols on the issuing and receipting of tenders via the Web, detail of which can be found in FP 21; Web Quotations and Tendering.
- 10.2 All purchases must comply with the UHB's Standing Financial Instructions and Scheme of Delegation which covers the seeking of competitive quotations and/or tenders, and the procedures necessary to waive these requirements. The competitive quotation and tendering thresholds are restated below, but the Standing Financial Instructions should be referred to for the full text.

Value ¹	Minimum Competition ²	Lead	Waivers, or exceptions to tender rules
Up to £5,000	Best value to be shown	<u> </u> Tier 5	<u>Head of Department-</u>
£5,000 to £24,999	3 quotations	Procurement Services	Head of Procurement- or DOF or CEO
£25,000 to OJEU threshold for supplies and services ³ £25,000 to £1m for works	4 tenders	Procurement Services	Single Tender Action Authorised by <u>Director of Finance</u> CEO
Above OJEU threshold for supplies and services ³ to £1m	5 tenders	Procurement Services	Single tender action prohibited
Above OJEU threshold for works ⁴	Procured via Designed for Life: Building for Wales	Procurement Services	Single tender action prohibited
Over £1m (other than D4L)	WG approval required	Procurement Services	-

¹ Total value excluding VAT.

² Subject to existence of suitable suppliers

³ ~~Threshold from January 2016 for Supply and Services is £106,047~~ Current prevailing threshold

⁴ ~~Threshold from January 2016 for works is £4,104,394~~ Current prevailing threshold

10.3 Any new procurements, above the prevailing OJEU threshold created on or after 1 January 2021 will be sent to the new Find a Tender Service (FTS) which replaces Tenders Electronic Daily (the on-line version of the Official Journal of European Union, OJEU).

10.4 Projects over £4 million in value will be procured via the framework agreement under the Designed for Life (D4L): Building for Wales's scheme, as specified within the Financial Control Procedure on Capital Monitoring (FP1).

10.54 The Director of Finance and Procurement is responsible for reporting details of breaches to these procedures, whether intentionally or mistakenly, to the Audit and Risk Committee.

11.0 ISSUING CONTRACTS

11.1 The authority to contract for the supply of goods, and services (including service level agreements with other NHS organisations) shall be in accordance with the Scheme of Delegation. This includes the securing of the UHB's commitments to collaborative contracts arranged by NWSSP – Shared Services Central contracting team. In determining the appropriate level of authority, the total value during the duration of the contract will need to be taken into account. In most circumstances therefore, the Chief Executive or Director of Finance and Procurement will be the appropriate authorising officer.

11.2 Contracts exceeding the Chief Executive's financial limit shall be submitted to the Audit and Risk Committee who shall endorse the approval given by the Chief Executive.

11.3 The Head of Procurement shall notify the Head of Corporate Finance of any unusual or abnormal clauses within proposed contracts that may affect levels or pattern of payment (e.g. annual uplifts on a basis not associated with the Retail Price Index, provision of "free" equipment etc.), and which may therefore affect their accounting treatment governed by International Financial Reporting Standards.

12.0 EQUALITY IMPACT ASSESSMENT

12.1 Following assessment, this policy is not felt to be discriminatory or detrimental in any way with regard to the following equality strands: Gender; Race; Disability; Age; Sexual Orientation; Religion or Belief; Welsh Language or Human rights

APPENDIX 1: FINANCIAL LIMITS NON-PAY EXPENDITURE

<u>ORACLE REQUISITIONS</u>	<u>Authority Delegated to</u>
<u>Below £1,500</u>	<u>Tier 7 – Nominated Budget holder for specific cost centers</u>
<u>£1,500 to £5,000</u>	<u>Tier 6 Head of Department or equivalent</u>
<u>Up to £25,000</u>	<u>Tier 5 Clinical Service Group Manager (or equivalent)</u>
<u>Up to £50,000</u>	<u>Tier 4 Acute Services General Manager (or equivalent)</u>
<u>Up to £100,000</u>	<u>Tier 3 – Group/Operations Director for ILGs or Relevant Director</u>
<u>Up to £250,000</u>	<u>Tier 2 -Executive Director</u>
<u>Up to £500,000</u>	<u>Tier 1 – Director of Finance</u>
<u>Over £500,000</u>	<u>Chief Executive</u>

*All financial limits shown are exclusive of VAT

APPENDIX 2: ORACLE USER SET-UP FORM

ORACLE USER SET UP FORM



CTM ORACLE USER FORM



*** MANDATORY FIELDS ARE INDICATED BY AN ASTERISK - Failure to complete all mandatory fields may result in the form being returned and/or a delay in the user account being created. Digital signatures can only be accepted if form is recieved from managers email. Please print and**

To be completed by the User

* Date of training session Access to **Iprocurement System** will not be granted until attended form: [TRAINING INFORMATION & BOOKING FORM](#)

* TITLE Mr ☐ Mrs ☐ Miss ☐ Ms ☐ Dr ☐ Rev ☐ Other

* FULL NAME * Payroll No.

* Agency

* JOB TITLE

* DEPARTMENT Base

* WKS TEL NO * NADEX NUMBER

* EMAIL @wales.nhs.uk

* EMPLOYEE SIGNATURE * DATE

* To be completed by the Manager

Iprocurement ☐ Qlikview ☐ Bridgend Store ☐ Finance User ☐

User being set up as Requisitioner ☐ Approver ☐ Limit

If an approval limit is requested has an ASL form been completed? (authorised signatory form)

New User/Amendment Detail:

If new user, does this user **replace** an existing user Y/N EXISTING USER

or

If new user, **same level of access as an existing user** EXISTING USER

If neither of above apply please complete required information below

* Default Cost Centre * Transfer Point No

* Requisition Approver

* MANAGERS SIGNATURE DATE

* To be completed by Systems Team

Employee Added to em SOD

Responsibility

User Name

If Qlikview user the following steps need to be completed

Qlikview responsibility

* Default Cost Centre * Added to User Stats Sheet

* System Administrator Name Service Point He

* Signed DATE

Please return to CTI_FINANCE_SYSTEMS@VALES.NHS.UK

APPENDIX 3 – SUPPLIER REMINDER LETTER



OUR REF: SR1 /

Enquiries to:

Tel Ext:

Email:

Accounts Payable Department

Dear Supplier

Date:

YOUR INVOICE NO.: _____

In accordance with our No PO No Pay Policy and as part of ongoing efforts to improve efficiency we are currently monitoring the level of purchasing taking place outside the Oracle PO system.

We have recently received the above quoted invoice from you and a valid purchase order number was not quoted. Please be advised that use of a valid PO number is mandatory for this category of supplies.

On this occasion the invoice concerned will be passed for retrospective authorisation. We must however advise you that this process is discretionary and release of your payment may be delayed as a result. **If you wish to secure prompt payment in future please do not accept orders for this category of supplies without first receiving a valid PO number which then should be quoted on your invoice.**

If you wish to discuss this matter further, please contact me as follows:

Name: _____ Tel No. _____

We are continuing to monitor the level of compliance with this policy, and reserve the right to return invoices, suspend payment or review your contract if instances of non-compliance with our payment policy continue to occur.

Many thanks for your help in resolving this matter

Yours faithfully

Steve Webster

Director of Finance

APPENDIX 4 – STAFF REMINDER LETTER



OUR REF: SR1 /

Enquiries to:

Tel Ext:

Email:

Accounts Payable Department

Dear Colleague

Date:

NO PO No Pay Policy

In accordance with the above Policy and as part of ongoing efforts to improve efficiency we are currently monitoring the level of purchasing taking place outside the Oracle PO system.

The following invoice has been received and a Purchase Order Number has not been quoted, but your name has been stated by the Supplier as the ordering point of contact:-

Name		Department	
Supplier Name			
Invoice No		Invoice Value (inc. VAT)	
Brief description of goods/services invoiced:			

Please be advised that in accordance with the above Policy, use of Oracle PO numbers is mandatory for this category of supplies.

If you did make this purchase through the Oracle system can you please contact me (details below), to advise me of the PO Number:-

Name		Telephone No	
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This will enable me to take the matter up with the supplier concerned.
Please ensure that supplies of this type are only ordered through the Oracle system. Failure to use the Oracle system slows down payment and risks interrupting supplies and is a contravention of the UHB's Standing Financial Instructions.

Many thanks for your help in resolving this matter.

Yours faithfully

Steve Webster
Director of Finance