

# **ORDERING OF GOODS, SERVICES AND WORKS POLICY**

<b>REFERENCE NUMBER</b>	DF 12
<b>APPROVING COMMITTEE(S) AND DATE</b>	NHS Central Lancashire Governance Committee
<b>AUTHOR(S) / FURTHER INFORMATION</b>	Head of Financial Accounts
<b>LEAD DIRECTOR</b>	Director of Finance
<b>THIS DOCUMENT REPLACES</b>	Previous Policies for the predecessor organisations – Chorley and South Ribble; Preston and West Lancashire PCTs
<b>REVIEW DUE DATE</b>	March 2013
<b>RATIFICATION DATE/DRAFT No</b>	October 2009
<b>VALIDATION SIGNATURE</b>	

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**Managers are responsible for ensuring staff within their area of responsibility are aware of NHS Central Lancashire policies and that staff adhere to them.**

**Managers are responsible for ensuring that a system is in place for their area of responsibility that keeps staff up to date with new policy changes.**

**Staff are responsible for ensuring they are familiar with policies, know where to locate the documents on the NHS Central Lancashire's website, and seek out every opportunity to keep up to date with them**

**Independent contractors are expected to identify a lead person to be responsible for ensuring staff employed within their practice are aware of NHS Central Lancashire policies.**

**This policy is individual to NHS Central Lancashire. NHS Central Lancashire does not accept any liability to any third party that adopts or amends this policy.**

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## 1. INTRODUCTION

This policy should be read in conjunction with the PCT's Standing Orders, Standing Financial Instructions and the Scheme of Delegation.

### 1.1 Scope

This policy applies to all employees of the PCT.

### 1.2 Principles

This policy advises PCT staff of the correct process to be followed when ordering goods, services and works. The purchase of all goods, services and works must be via an Official Order except those works and services executed in accordance with a contract, or those items purchased from petty cash. This will ensure that any commitments made are within the PCT's Terms and Conditions of Trade and will minimise the risk of goods being ordered which are not required by, or not for the benefit of the PCT. It will also minimise the risk of goods being ordered from suppliers not approved by the PCT which may mean value for money is not obtained.

## 2. ORDERING OF GOODS, WORKS AND SERVICES POLICY

When placing an order for any goods, services or works, staff must complete a stock or non-stock requisition at the time of ordering – following the detailed procedures included at Appendix 1. Failure to do so will place the individual in breach of the PCT's Standing Orders and Standing Financial instructions, which must be reported to the Audit Committee for necessary action.

Order requisitions must be completed in full and submitted to East Lancashire Procurement Service at Blackburn. Incomplete or incorrect requisitions will be returned to the requisitioner. This will inevitably cause delays.

PCT staff may only commit the PCT to incur expenditure if they are a Budget Holder or an Authorised Signatory and must only do so within their delegated limits. By authorising an order, you are confirming that you have sufficient budget in place to cover the expenditure. You must only authorise orders against budgets for which you hold control.

For any purchase that involves medical devices, staff must follow the Medical Devices Policy.

For any purchase of IT equipment, telephones or mobile phones, staff must follow the relevant IT Policies and get their approval prior to ordering.

Orders must not be split or otherwise placed in a manner devised so as to avoid the PCT's financial thresholds.

Once an order has been placed, all staff are requested to deal with any invoices and/or Goods Received Notes (Delivery Notes) promptly and return them to the Finance Department without delay – ie, within two working days.

The PCT has a duty to pay all invoices within 30 days or it may incur interest charges which will be charged to individual budgets. This policy and the attached procedures are designed to ensure suppliers receive prompt payment and the PCT meets its payment targets.

### **3. IMPLEMENTATION**

Every member of staff is responsible for ensuring that they do not commit the PCT to expenditure on any goods, works or services outside of this policy. Detailed procedures are attached at Appendix 1 explaining how this policy should be implemented.

The PCT's Finance Department in conjunction with East Lancashire Procurement Service offer regular budget holder awareness sessions for all staff on this area.

The PCT's Finance Department in conjunction with East Lancashire Procurement Service will monitor compliance against this policy and the related procedures. Any non compliance will be reported appropriately and will need to be assessed to determine if an Incident Report Form is required or if an entry in the PCT Losses and Special Payments Register is required.

This policy is consistent with the requirements of the PCT's Standing Orders, Standing Financial Instructions and the Scheme of Delegation and any breach of these policies may result in disciplinary action.

### **4. REFERENCE DOCUMENTS**

None

### **5. GLOSSARY**

None



**APPENDIX 1**

**PROCEDURE NOTES**

**FOR THE**

**ORDERING OF GOODS, SERVICES  
AND WORKS**

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## 1. Introduction

These procedures have been put together to advise all PCT staff of the correct procedure to be followed when ordering goods and services. The purchase of all goods, services and works must be via an Official Order except those works and services executed in accordance with a contract, or those items purchased from petty cash. This will ensure that any commitments are made within the PCT's Terms and Conditions of Trade.

When following these procedure notes, reference should be made to the PCT's Standing Orders and Standing Financial Instructions (SO's and SFI's) and the Scheme of Delegation. Where the notes refer to "Reception" – please substitute this for your "Receiving Point" if you are based outside of Jubilee House at a Health Centre/Clinic/etc.

When placing an order for any goods, services or works, staff must complete a stock or non-stock requisition at the time of ordering. Failure to do so will place the individual in breach of the PCT's Standing Orders and Standing Financial instructions, which must be reported to the Audit Committee for necessary action. Order requisitions will not be processed without the appropriate authorisation and valid coding information. Coding information is available from your Link Accountant in Management Accounts. You may only commit the PCT to incur expenditure if you are a Budget Holder or an Authorised Signatory and must only do so within your delegated limits. By authorising an order, you are confirming that you have sufficient budget in place to cover the expenditure. You must only authorise orders against budgets for which you hold control. Orders must not be split or otherwise placed in a manner devised so as to avoid the financial thresholds.

Requisition pads can be obtained from East Lancashire Procurement Service at Blackburn.

All staff are requested to deal with any invoices and/or Goods Received Notes (Delivery Notes) promptly and return them to the Finance Department without delay – ie, within two working days. The PCT has a duty to pay all invoices within 30 days or it may incur interest charges which will be charged to individual budgets. Following these procedures will help to ensure suppliers receive prompt payment.

## 2. Purchase of Stock Items

- 2.1. "Stock" relates to goods ordered via NHS Supply Chain at Runcorn (ie, from the NHS Supply Chain Stationery Catalogue and Office Supplies Catalogue). There are two routes for requesting stock items. Firstly goods can be ordered directly from NHS Supply Chain on-line via their website. Training is available from the East Lancashire Procurement Service at Blackburn. If this system is not yet available to you, steps 2.2 to 2.8 should be followed.

- 2.2. Reception will complete an official NHS Logistics Authority requisition using the controlled two-part stationery – “Stock Requisition Form” (example attached – Appendix A). This requisition must be appropriately authorised and sent to the East Lancashire Procurement Service at Blackburn. Information to be completed includes:
- Establishment name and transfer point
  - Correct authorisation as per the PCT’s Scheme of Delegation
  - Contact name and number
  - Stock code
  - Quantity required
  - A short description of the goods required
- 2.3. **The requisition should be ruled off/z-barred after the last item to prevent unauthorised additions. This should be done before it is signed by an authorised Budget Holder.**
- 2.4. Items classed as stock items should not be ordered direct from a supplier – NHS Supply Chain should be able to negotiate the cheapest price available within the NHS.
- 2.5. If a Budget Holder believes they can obtain the goods at a lower price they should inform East Lancashire Procurement Service, however, costs of carriage and VAT should be factored in for comparison.
- 2.6. The white copy is sent to East Lancashire Procurement Service at Blackburn and the pink copy is retained by the PCT as a source document.
- 2.7. East Lancashire Procurement Service will input the requisition onto the NHS Supply Chain on-line ordering system.
- 2.8. Goods are forwarded to the PCT with a detailed two-part advice note. The Receiving Point or the Reception area where the goods are received should check the delivery against the advice note. Any queries or discrepancies should be marked on the advice note. The original is then forwarded to the PCT’s Finance Department for matching to the invoice and the copy is retained by Reception staff. Reception staff must raise any queries with East Lancashire Procurement Service, who will request Credit Notes if applicable.

### **3. Purchase of Non-Stock Items**

#### **Completing an Order Requisition**

- 3.1. To order “non-stock” items (goods, works or services), a requisition must be completed, signed and coded by an appropriately authorised Budget Holder at the time of placing the order. Information to be completed includes:
- Transfer point (this is a specific code allocated to your area on the procurement system) and department name (with full address for delivery). As a general rule, your delivery address is linked to your transfer point.

- Full Financial code – Cost Centre (A\*\*\*\*), Account Code (E\*\*\*\*\*) and Activity Code (if applicable)
  - Goods/services required
    - Description
    - Quantity
    - Unit Price of each item
    - Total Order Value
    - VAT
    - Supplier (if known) with full address and telephone number
  - Correct authorisation as per the PCT's Scheme of Delegation (with authorisers name printed below for clarification)
  - Delivery address and date (if deadline required)
  - Requisitioner's full name and contact details
- 3.2. The requisition should be completed using the controlled two-part stationery, "Requisition For Supplies Non-Stock Items" (example attached – Appendix B : formerly known as S06's).
- 3.3. **The requisition should be ruled off/z-barred after the last item to prevent unauthorised additions. This should be done before it is signed by an authorised budget holder.**
- 3.4. For any purchase that involves medical devices, staff must follow the process in the Medical Devices Policy.
- 3.5. Quotations/tenders should be sought in line with the PCT's Standing Financial Instructions and Standing orders and the agreed Scheme of Delegation. If the PCT has obtained quotations, these should be attached to the requisition. No goods, services or works should be requested without an official purchase order number at any time.
- 3.6. If the appropriate number of quotations are not sought, the Budget Holder must complete a "Single Supplier Waiver Request Form" (example attached – Appendix C) as per the relevant guidance (also attached).
- 3.7. The white copy is sent to East Lancashire Procurement Service at Blackburn. The yellow copy remains in the PCT Directorate's requisition book as a source document.

### **Urgent Orders**

- 3.8. It is recognised that in exceptional circumstances, there may be an emergency or urgent necessity for an order to be raised. In this instance, a verbal order may be raised. This would normally be for medical and surgical equipment/repairs. In this instance, the Helpdesk at East Lancashire Procurement Service can be contacted stating that the order is for an emergency or urgent necessity and they will issue an order number that must be quoted to the Supplier for inclusion on the invoice. This must be followed up within 24 hours with a written authorised requisition – clearly stating the

Order Number and “CONFIRMATION ORDER”. If this is not followed up promptly, the Finance Department will not be able to match an invoice to this order and will therefore have to send invoices out for authorisation which otherwise would not be necessary (see Para 3.13 below).

### **Ordering from Other NHS Organisations**

- 3.9. Ordering from other NHS organisations – it is not normal practice to raise official orders to other NHS organisations.

### **Procedure for Copy Orders and Goods Received Notes (GRNs)**

- 3.10. On receipt of a properly completed requisition the East Lancashire Procurement Service will raise an official order. This order is either, auto-faxed or auto-emailed, where possible, or posted to the supplier. A copy of the order is forwarded to the requesting department by post. Any requisitions that are not complete in any way will be rejected and returned which will obviously cause delays.
- 3.11. When the PCT receives the copy, they should be date stamped “Date Received ...”, and should be checked by the originator to the source requisition and retained on file. All documentation which supports PCT expenditure should be held in an easily retrievable/accessible form as an audit trail. This may be required to be viewed by PCT auditors at various times.
- 3.12. The copy order acts as a Goods Received Note (GRN) and therefore, when goods/services are received, the quantity and price (and any other contractual criteria) should be checked against it. Each line should be ticked to confirm receipt of the relevant goods and the copy should then be signed (please also print your name for clarification) and dated by a person authorised to sign for Goods Received and any original delivery notes should be attached. For part deliveries, please see sections 3.16 – 3.19.
- 3.13. Once the copy has been signed by the Authorised Signatory, it should be sent to the PCT’s Finance Department to be matched to the invoice – ready for payment. This must be done within two working days. As the copy order has been appropriately signed by an Authorised Signatory, the invoice will not be required to be authorised again by the Budget Holder – thereby reducing the volume of invoices needing to be sent around the PCT which potentially could delay payment and increase your workload. **In the event that the invoice does not match the order, this will be queried with you and you will be advised of any necessary further action.**

### **Invoices and the Better Payment Practice Code**

- 3.14. All invoices should be addressed to:

Finance Department  
NHS Central Lancashire  
Jubilee House  
Lancashire Business Park  
Centurion Way  
Leyland  
PR26 6TR

- 3.15. Under the Better Payment Practice Code, the PCT is required to pay all invoices within 30 days of receipt of goods or a valid invoice (whichever is the later). If the requisition is not raised at the correct time and/or only confirmation orders are raised, then this target may not be achieved. If Goods Received Notes and Delivery Notes are not forwarded to Finance promptly, again this target may not be achieved. Failure to meet this target could result in the PCT incurring interest charges for late payment (which will be charged to individual budget statements).

#### **Part Delivery of an Order**

- 3.16. If a part delivery of an order is made, the Goods Received Note (copy order) should be photocopied and forwarded to the PCT's Finance Department - clearly indicating which goods have been received, the date received and authorised by an Authorised Goods Received Signatory (with name printed for clarification) to confirm that those goods have been received and can be paid for.
- 3.17. A note of the part delivery should be made on the original documentation by the ordering Department.
- 3.18. On completion of the order, the original Goods Received Note should be marked with the date that the final goods have been received, authorised and sent to the PCT's Finance Department with the delivery note.
- 3.19. The note on the Department's copy order should then be updated for the dates of the respective part deliveries and submissions to Finance and retained by the Receiving Point as an audit trail.

#### **4. Purchase of IT Equipment, Telephones and Mobile Phones**

- 4.1. All new or replacement IT equipment, telephones and mobile phones must be compatible with the systems used by the PCT and adhere to the relevant IT Policies. An asset log of all such equipment and its location must also be maintained by the IT Department. Therefore, requisitions for IT equipment, telephones and mobile phones will only be processed if requisitioned by the IT Department. Where such expenditure is to be coded to an individual's budget other than IT, the requisition must be authorised by both the Budget Holder to where it will be charged and an appropriate IT Budget Holder to ensure it meets their requirements.
- 4.2. If requisitions are sent directly to East Lancashire Procurement Service without IT authorisation, they will be forwarded to the IT department automatically, therefore causing delays.

#### **5. Regular Orders – Standing Orders/Call-off Orders**

- 5.1. A standing order/call-off order can be set up where there is no formal contract between the supplier and the PCT but where the supplier will be used on a regular basis (e.g. catering services). This does not represent a fixed commitment to buy a certain quantity but is a convenient way of ordering without the need to raise multiple orders to one supplier.

- 5.2. A standing/call-off order is raised in the same way as a normal order, but will specify a total amount that can be paid and the period covered (this can only run up to 31<sup>st</sup> March in each financial year). A standing/call-off order will also require quotations to be sought if the value is greater than or expected to be greater than the limits set in the Scheme of Delegation.
  - 5.3. The standing/call-off order applies only to those services listed on the order. Any other goods/services obtained from the same supplier require a separate order.
  - 5.4. Any goods received against the standing/call-off order must be actioned in accordance with Para 3.16 to 3.19 above. This will enable the finance systems to record the expenditure against the order value and pay the relevant invoices without the need to send them out for individual authorisation. The Finance Department will record invoices paid against the order, up to the value of the order or until the end of the time period.
  - 5.5. It is the duty of the ordering Department to monitor the expenditure against standing/call-off orders and to renew the order where the remaining value is dropping below 20% of the original order value if the goods/services are still required up to 31<sup>st</sup> March.
  - 5.6. All standing/call-off orders will cease as at the 31<sup>st</sup> March regardless of any remaining balance. It is the duty of the ordering department to renew these in the new financial year if applicable.
- 6. Cheque With Order**
- 6.1. Occasionally, a cheque is required with the order. This is not normal practice and puts the PCT at risk of paying for goods that may not be received. It must be recognised that this will only be allowed in exceptional circumstances and it is the Budget Holder's responsibility to ensure that goods are received or they will be required to report any non-delivery on an Incident Report Form and record it in the PCT's Losses Register which is presented to the PCT's Audit Committee.
  - 6.2. When raising the requisition, the PCT should mark the requisition clearly, "CHEQUE WITH ORDER". East Lancashire Procurement Service will then send the top copy of the order (with a copy of the original requisition so that the authorised signature can be verified) to the PCT Finance Department to be sent off with the cheque.

### ***EXCEPTIONS***

- 7. Exceptions where an Official Order is Not Required**
- 7.1. The purchase of all goods, services and works must be via an Official Order except those works and services which are executed in accordance with a formal contract, e.g. healthcare, utilities (rent, rates, electricity, gas, telephones), etc, or those items purchased from Petty Cash (see below)
  - 7.2. Invoices in respect of these items will need to be authorised by the appropriate Budget Holder.

## 8. **Purchases from Petty Cash**

- 8.1. In exceptional circumstances, items may be purchased via petty cash up to a maximum value of £50.00 in line with the Petty Cash procedures. The normal process is for staff to purchase the item themselves and then claim reimbursement from the Finance Department.
- 8.2. Reimbursement will only be made where a receipt is presented which has been fully coded and authorised by an appropriate Budget Holder.
- 8.3. It would be unwise to commit any of your own money in this way without first having obtained consent from your Budget Holder that you will be reimbursed.

## 9. **Minimum Order Value**

- 9.1. Taking into account the cost of processing a Non-Stock Order Requisition, it is accepted that an order need not be raised where the total order value (net of VAT) is less than £25.00.
- 9.2. Invoices in respect of these items will need to be authorised by the appropriate Budget Holder and therefore prior approval must be sought.
- 9.3. Under no circumstances must orders be split or otherwise placed in a manner devised so as to avoid the normal Ordering Procedure of the PCT or its financial thresholds.

## 10. **Compliance with this Procedure**

- 10.1. The PCT's Finance Department in conjunction with East Lancashire Procurement Service will monitor compliance against this policy and the related procedures. Any non compliance will be reported appropriately and will need to be assessed to determine if an Incident Report Form is required or if an entry in the PCT Losses and Special Payments Register is required.
- 10.2. This policy is consistent with the requirements of the PCT's Standing Orders, Standing Financial Instructions and the Scheme of Delegation and any breach of these policies may result in disciplinary action.

**APPENDIX A**

NHS SUPPLY CHAIN  
**STOCK REQUISITION (AD HOC)**

APPENDIX A

HOSPITAL/ESTABLISHMENT	REQUISITIONING POINT
REQUISITIONED BY (BLOCK CAPITALS)	AUTHORISED BUDGET HOLDER SIGNATURE
CONTACT NAME	TELEPHONE/EXTENSION No.

SERIAL NUMBER
REQUISITION POINT No.
REQUISITION DATE

WHITE COPY TO SUPPLIES  
PINK COPY TO BE RETAINED

	DESCRIPTION	UNIT OF ISSUE	NSV CODE	QUANTITY REQUIRED
1				
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SUPPLIES USE: PROCESSED BY: _____ DATE: _____	DELIVERY DATE: _____
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**APPENDIX C****NHS Central Lancashire****Procedure Note****Single Supplier Waiver**

1. A Single Supplier Waiver form should be completed whenever a budget holder wishes to waive Formal Competitive Tendering or Quotation procedures (as set out in Standing Orders) and order good/services from a single supplier. (Quotes – over £10,000, Tenders over £50,000)
2. In these circumstances, the budget holder completes Part One of the Single Supplier Waiver Form (attached) with the following details:
  - a. Name of Supplier
  - b. Description of Goods/Services (including time period covered by contract, if this is applicable).
  - c. Value of order
  - d. Reason for requesting a Single Supplier Waiver. The budget holder should tick any of the six categories that are applicable and provide further details in the space provided. Providing full information will help prevent any delays in processing the application.
3. The budget holder signs and dates the completed form and forwards it to the Chief Executive or nominated Officer for authorisation. (Standing Orders and Scheme of Delegation set out the nominated Officers and their delegated limits.)
4. Following authorisation the original copy, together with the requisition, should be sent to the Supplies Department and a copy forwarded to the Secretary to the Board who will maintain a Single Supplier Log which will be used to inform the audit committee.
5. Standing Orders and the Scheme of Delegation set out the circumstances when Single Supplier Waivers are to be formally reported to the primary care trust.

