

PROCUREMENT GUIDANCE FOR CARDIFF COUNCIL SUPPLIERS

No PO No Pay (No Purchase Order No Payment) Financial Control Measure - FAQ

Change Effective from 18th August 2012

Cardiff Council is committed to improving the way that it buys goods, services and works; we have set out how we intend to do this in our [Commissioning and Procurement Strategy \(2011-2015\)](#). The next 3 years will see major changes in how we manage the £300 million plus that we spend annually with external suppliers and contractors. A key change that will be implemented from **18th August 2012** is a No PO No Pay (No Purchase Order No Pay) financial control measure.

Q1: What is No PO No Pay

No PO No Pay is one of Cardiff Council's key financial control measure to ensure that payments are only made to suppliers and contractors where the supplied invoice (paper or electronic) contains a valid official purchase order (PO) number (unless a pre-agreed exception applies – see Q8 below for a full list)

Q2: Why a No PO No Pay financial control measure?

No PO No Pay ensures that the Council only pays for goods, services and works which have been properly ordered and authorised. It also ensures invoices received by the Accounts Payable team can be processed efficiently to minimise delay to suppliers and contractors. Invoices received by the Accounts Payable Team without a valid PO number **will not be paid** and will be returned to the supplier.

Q3: When does No PO No Pay come into effect?

No PO No Pay will apply to all orders for goods, services or works placed on or after **18th August 2012**.

Q4: How does No PO No Pay work?

No PO No Pay works by requiring all invoices submitted by suppliers and contractors to contain an official PO number. In all but exceptional circumstances the PO number:

- will be generated from the Council's corporate purchasing and payment system (SAP), and
- given to the supplier or contractor BEFORE making any commitment to spend Council monies.

In exceptional circumstances an Emergency PO number can be supplied with a PO number generated from SAP within three working days. There are exceptions to the No PO No Pay - these are listed in Q7 below.

Once this financial control measure is in place Cardiff Council will only accept invoices that quote a valid PO number. **It is important for suppliers to note that they are at risk of not being paid if their invoices do not include a valid PO number or at best they will experience a delay in receiving payment.**

There are exceptions to this general rule and these are listed in Q7.

Q5: From when should I ensure that I have a valid Purchase Order Number?

From 18th August 2012 suppliers **must not**, under any circumstances, accept any verbal or written order from a Council officer **unless** a valid PO number is given or an exception as set out in Q8 applies or it is an emergency order. Once the No PO No Pay financial control measure has been

implemented **any invoice received that does not quote a valid PO number will not be processed and will be returned to the supplier**, unless it is covered by an exception (see Q8).

Q6: What is the PO number sequence for Cardiff Council's SAP system?

Valid PO numbers on Purchase Orders from Cardiff Council's SAP system will be in the format '45nnnnnnnn' where 'n' is a number or '30nnnnnnnn' where the order is the result of a formal agreement between the Council and a supplier.

As set out in Q4 above in exceptional circumstances an Emergency PO number can be supplied with a PO number generated from SAP within three working days.

Q7: What exceptions apply to the No PO No Pay financial control measure?

The following circumstances do not require POs. This list is under constant review and any further changes will be communicated to our suppliers by email and through Cardiff Council's procurement website. The Exceptions List currently covers:

- Telephones (landline and mobile) - where possible the Council works with suppliers to consolidate utility bills in order to minimise processing costs
- Utilities (i.e. Gas, Electric, Water) - where possible the Council works with suppliers to consolidate utility bills in order to minimise processing costs
- Postal Services
- General Provisions (Food and Drinks) - Cardiff Catering only
- Grants
- Rents
- Payments to or on behalf of Public Bodies - this refers only to non-procurement related payments. An order should be raised in respect of any procurement related spend
- Entertainers
- Subscriptions to Magazines / Societies
- Payments to Individuals (Evening Class Refunds, Foster Payments, Volunteers, Expenses, Prizes, etc)
- Social care payments - are not included in the No PO NO Pay roll out.
- Purchasing card payments (See Q9)

Q8: How do Purchasing Card (P Card) Payments work?

Purchasing cards follow the same principal as personal debit cards but on a larger scale. They enable selected members of staff to pay for high volume, low value goods using the card, no purchase order is required and payment is then debited from the budget. Purchase card payments significantly reduce the amount of administration required to process a payment for both buyers and vendors and therefore reduce processing costs.

Purchase card payments are a much more efficient payment system, which ensures that vendors receive payment for goods efficiently, normally within 2-3 days. If you think P cards could be an option for your business with Cardiff Council then please email procurement@cardiff.gov.uk

Q9: I only supply Schools. Does this affect me?

Schools are not included in the No PO No Pay financial control measure. There will not be any change to the ordering process or payment process for invoices received for schools.

Q10: I have supplied goods or services to Cardiff Council where do I submit my invoice?

From 18th August 2012 the Council will be phasing in further changes that will require most invoices to be submitted to a centralised Accounts Payable Team for processing and payment.

The first phase is made up of the Council's top 100 suppliers (in terms of invoices generated) who will submit their invoices directly to the centralised Accounts Payable Team. The Purchase Order will continue to notify suppliers where to submit their invoices and work is ongoing with phase 1 suppliers to ensure that they are aware of the changes and what they need to do.

Until your organisation is notified that it needs to return its invoices to the centralised Accounts Payable Team please continue to return all invoices to the person who raised the order. The Purchase Order will confirm where invoices need to be returned to.

Q11: Will I get paid any quicker if I quote a PO number?

Unless agreed in advance, and in line with Welsh Government guidelines, Cardiff Council standard payment terms of 10 days from receipt of a valid invoice for small and medium sized enterprises (fewer than 250 employees) and 30 days from receipt of a valid invoice for all other suppliers will remain.

After implementation of the No PO No Pay financial control measure invoices received without a valid PO number will not be paid and will be returned to the supplier, unless they are covered by an exception (see Q7). **At best this will lead to a delay in the payment process.**

Q12: In the past invoices without a PO number have been paid by Cardiff Council, will this still happen?

No. Once implemented the No PO No Pay financial control measure will see invoices without a valid PO number not being recognised and they will be returned to the supplier, unless they are covered by an exception (see Q8).

Q13: An invoice has been returned requesting a valid PO number to be provided. How can this be obtained?

You should contact the Cardiff Council member of staff who gave the original instruction to supply the goods, services or works and ask them to provide a PO number. Once obtained, please re-submit your invoice ensuring that the PO number is quoted.

Q14: What should I do now?

Please ensure that all your staff who receive orders to supply goods, services or works to Cardiff Council are aware of **No PO No Pay** and insist on being supplied with an official PO number.

Q15: Will I be kept informed of future changes to the No PO – No Pay?

Yes - further information will be issued to keep people informed on No Po No Pay, this will include details of the rolling out of the programme for invoices to be sent directly to the Accounts Payable Team.

Q16: What should I do if I am not a supplier and I have received notification of No PO No Pay but I do not supply Cardiff Council?

Some individuals who have received payments/ grants from the Council in the past have been recognised in our accounting system as suppliers. If you have received notification of the No PO No Pay financial control measure and do not provide Cardiff Council with goods and services please disregard this Notification and we apologise for any inconvenience.

Q17: Where do I get further information on selling goods or services to Cardiff Council?

Please also visit our website at www.cardiff.gov.uk/procurement or if you have any specific questions then please email them to procurement@cardiff.gov.uk