



NO PO NO PAY POLICY



NORWICH
City Council

No PO No Pay Policy

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Purpose

This document sets out Norwich City Council's (the council) policy intent with regards to Purchase Orders (PO) and paying supplier invoices. It sets out the council's agreed stance on this matter. It means that the council will not pay a supplier unless a supplier quotes a valid council PO number on a supplier invoice. This policy aims to strengthen financial controls and increase compliance.

Policy statement

The council's No PO No Pay policy takes effect from 1 October 2024. Council officers have been instructed to ensure that all invoices submitted to the council for payment, which do not quote a valid PO number, are returned to the supplier.

The council's No PO No Pay policy is one of the council's key financial control measures to ensure that payments are made only to suppliers where a supplier invoice contains a valid PO number unless a pre-agreed exception applies.

Scope

The policy covers all council suppliers, unless their request for payment is included in the pre-agreed exceptions.

This policy does not apply to the council's wholly owned companies which are Norwich City Services Ltd, Lion Homes (Norwich) Ltd, Legislator 1656, Legislator 1657 and Three Score Open Space Management Ltd.

Definitions

A **Purchase Order**

An official document produced from the council's finance system that is issued only in respect of goods, services and works to those suppliers with whom properly ordered and authorised commitments have been made.

A **Supplier**

A supplier to the council of goods, services and works.

Objectives and aims

The No PO No Pay policy 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 payment delay to suppliers.

No PO No Pay principles

- Goods, services and works should only be supplied to the council after receipt of an official PO.
- If a valid PO number is not quoted on a supplier invoice, then the invoice will be returned to the supplier.
- Suppliers are advised not to undertake or make any commitment with the council for the supply of goods, services or works until the official order has been raised.
- Failure to comply with this may result in non-payment of supplier invoices.

Benefits of a No PO No Pay policy

- Ensures that purchases are authorised before goods, services and works are supplied.
- Enables the council to process invoices efficiently and pay suppliers within payment terms.
- Allows accurate timely reporting, budgeting and forecasting across the council.
- Removes potential risk to the council and a supplier by formally agreeing the terms of engagement before the supplier commits to deliver.

Exceptions

Some payments do not require a PO to be raised as either there are already appropriate ordering systems in place or to do so would not be practicable. Pre-approved exceptions are published on the council's [procurement website page](#). The published list will be kept under regular review.

Purchase orders

POs will be sent to a supplier before the supplier starts providing any goods, services or works to the council. The PO will be emailed to the email address the supplier has provided and has been recorded in the council's finance system.

If the details are wrong or a supplier doesn't understand the information on the PO, the supplier needs to contact the individual who placed the original order with them. The council officer's details will be on the PO and if it's needed, they can clarify the details for a supplier or cancel the PO to issue a replacement.

If a supplier doesn't receive a PO, they are to contact the individual who commissioned the goods, services or works and ask for it to be sent again. When a supplier contacts the council officer, they can also ask for confirmation of the PO number.

Once a supplier receives a PO, the PO number must be quoted on the invoice and then emailed to the Council.

What needs to be on an invoice

To make sure an invoice is processed correctly, a supplier needs to make sure it clearly displays the word 'invoice'.

It should also include:

- Invoice number (or unique identification number).
- PO number.
- Company name, address, and contact details.
- Name and address of the department or agency a supplier is invoicing.
- Clear description of what a supplier is charging for.
- Date the goods, service or works were provided (supply date).
- Date the invoice was created.
- Amount being charged (this could be one or more).
- VAT amount (if applicable).
- Total amount owed.
- A Supplier also needs to make sure an invoice only contains items that are on the related PO.
- Gives descriptions that match the ones on the PO.
- Gives us the supplier details that match the ones on the PO.

If any of this information is missing, the invoice will be sent back to the supplier.

Invoices need to be sent to Norwich City Council by email.

Details of what is to be included on an invoice are published on the council's [procurement website page](#).

Sending an invoice

When a supplier emails their invoice these should:

- Be less than 4mb in size.
- Only contain one invoice per attachment (multiple invoices can be attached to one email).
- Give the council any supporting information in the invoices PDF file (for example, backing data).
- Open files (not encrypted or password protected)
- Sent to accountspayable@norwich.gov.uk

If a supplier invoice doesn't meet these requirements, it won't be processed and will be sent back.

Processing an invoice

Many invoices are paid without any issues, but an invoice might be returned to a supplier or held in the finance system whilst awaiting further action.

Validation requirements

When a supplier quotes a PO number on an invoice, the system will try to 'match' it to the PO number it has on record.

Invoices are validated on our finance systems. If the validation fails, the payment will be put on hold.

The council may not be able to validate it because:

- The invoice amounts are higher than the amount on the PO (price, quantity or total).
- There are more lines on the invoice than lines on the PO.
- The council hasn't confirmed it has received the goods, services or works yet.

Payments

The council aims to pay a supplier within 20 days or individual terms agreed.

If an invoice doesn't meet the requirements or doesn't pass validation, it will be sent back to the supplier.

The council will also dispute a supplier invoice if the information the supplier provides is potentially incorrect. If the council disputes it, it will delay the payment.

If an invoice is disputed, the council will always send it back to the supplier with a letter that explains the reasons why.

The reason could be:

- The invoice number was not quoted.
- The PO number was not quoted on the invoice.
- The PO number is out of date ('finished' or 'closed').
- The PO number does not match the council issued order.
- The PO number does not match the description or dates on the invoice.
- More than one PO number has been quoted on one invoice.
- More than one invoice is given in a single PDF document.

Further information

Any queries about invoicing, please contact the council office who commission the goods, services or works or email accountspayable@norwich.gov.uk

Any other questions that aren't covered in this policy, contact the accounts payable team at accountspayable@norwich.gov.uk

Organisational responsibilities

All officers

Any officer of the council, in dealing with suppliers, is obliged to communicate and enforce this policy. No officers shall pass for payment any supplier invoice, unless covered by the exceptions in this policy.

Fraud risk considerations

The 'No PO, No Pay' ensures that the council only pays for goods, services and works to those suppliers with whom properly ordered and authorised commitments have been made.

Contact

Accounts payable team accountspayable@norwich.gov.uk