

NHS Wales Shared Services Partnership

NHS Wales No PO No Pay (No Purchase Order No Payment) Policy

To be adopted by Each Health Board and Trust in
NHS Wales

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1 Introduction/Overview

The P2P - the Procure to Pay process – encompasses the end to end process from sourcing goods and services through to delivery and receipt of goods and payment to the supplier. A No PO/No Pay policy is where invoices arriving in the system without an order number are be returned to the supplier unpaid. The supplier will then be instructed to seek an order number from the relevant department and manager that was supplied before payment is made. The aim is to drive up compliance with the Standing Financial Instructions as well as the standard order management process.

2 Policy Statement

The implementation of a national policy of 'No Purchase Order/No Pay' is to be an essential and fundamental building block from which the efficiency and effectiveness of the P2P process can be developed.

3 Aims/Purpose

To ensure:

- That all goods and services are ordered appropriately and are supported by official Purchase Orders in line with LHB and Trust Standing Financial Instructions.
- Efficient processes are put in place so that goods are delivered when required.
- Control costs - in respect of
 - All non-pay expenditure incurred by the Health Board or Trust is valid and appropriately authorised in advance of the goods/services being received.
 - Minimising transactional costs associated with payment for goods.
 - Invoices to suppliers are paid within deadlines set by Welsh Government requirements.
 - Financial incentives for early payment offered by suppliers are maximised.

4 Objectives

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This policy ensures that NHS Wales only pays for goods, services and works which have been properly ordered and authorised in accordance with the NHS Wales Procurement rules and Standing Financial Instructions **BEFORE** receiving an invoice. It also ensures invoices received by the NHS Wales Accounts Payable teams can be processed efficiently to minimise delay to suppliers and contractors. Invoices received by the NHS Wales Accounts Payable Team without a valid PO number will severely delay payment to the suppliers. Successful adoption of this policy will lead to the following benefits:

- Better control environment – the right people authorising, in advance of expenditure being incurred.
- Catalogue compliance will be improved leading to less off catalogue purchasing and lead to revenue savings.
- More comprehensive procurement intelligence is captured through the system about what and where goods and services are purchased allowing for better sourcing decisions.
- Costs are more accurately accrued by the system reducing management accounting and Accounts Payable (AP) team workload.
- Public Sector Payment Policy compliance will improve because process times reduce.
- Early payment discounts can be maximised.
- Overall processing costs in NWSSP P2P will reduce releasing resources for NHS Wales.

5 Scope

This policy is relevant to the following groups of staff within NHS Wales- Health Boards, Trusts and NHS Wales Shared Services Partnership:

- **Requisitioners**
Those staff that process requisitions for goods and services in departments and directorates within NHS Wales.
- **Approvers/Budget Holders**
Those staff that approve requisitions for goods and services in departments and directorates within NHS Wales.
- **Staff that Receive Goods/Services**
Those staff that indicate within the Oracle or other ordering systems that the goods/services ordered have been received.
- **Procurement Staff**

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All staff in the Procurement department.

- **Accounts Payable Staff**
All staff involved in the invoice payment process.
- **Finance Departments**
All staff involved in financial management.

6 Roles and Responsibilities

6.1 All Staff with Responsibility for Ordering

It is the responsibility of all staff, designated under the local scheme of delegation, that order goods and services to ensure that a Purchase Order number is provided to a supplier in advance of the goods or services being supplied.

6.2 Requisitioners

All staff that raise requisitions for goods and services must ensure a Purchase Order number is provided to a supplier in advance of the goods or services being supplied.

6.3 Requisition Approvers/Budget Holders

All managers and budget holders designated to approve requisitions for goods and services must ensure a Purchase Order number is provided to a supplier in advance of the goods or services being supplied.

6.4 Staff That 'Receipt' Goods and Services

All staff that work in central stores, receipt and distribution points and local departments where goods are delivered or services are received must ensure that the Purchase Order is marked as 'received' as soon as possible within the Oracle system but no later than within 2 working days of the delivery of goods or provision of the service.

6.5 Procurement Staff

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All staff working within NWSSP Procurement Services must ensure that this policy is adopted and adhered to by all staff and that local operational procedures for supporting the No PO/No Pay Policy are observed at all times.

6.6 Accounts Payable Staff

All staff that process the payment of invoices within NWSSP Accounts payable must ensure that no invoice is paid (unless it is identified as an exception in Appendix 1) if a Purchase Order number is not quoted on the invoice. All invoices received with no Purchase Order number must be recorded within the Oracle system and the supplier notified in accordance with the communications shown in Section 8.

6.7 Finance Staff

Senior Finance and procurement staff must lead the implementation of this policy within their respective organisation. All Finance staff must be aware of this policy and promote it in relevant discussions with budget holders.

Finance staff must ensure there are processes in place to capture data on invoices received but unpaid that have no Purchase Order so that expenditure is accrued on the assumption that the invoice will eventually be paid.

7 Main Body

7.1 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 agreed exceptional circumstances the PO number will be:

- Generated from NHS Wales Oracle Ordering system
- Generated from other local ordering systems e.g. pharmacy
- Given to the supplier or contractor BEFORE making any commitment to spend NHS Wales's monies.
- There are a number of categories of expenditure that are excluded from the policy which are shown in Appendix 1.

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Any invoice received by the Accounts Payable Team that does not quote a valid PO number will delay its processing and approval which could result in severe delays to supplier invoice payment unless covered by an exception shown in Appendix 1. Exceptions will be reviewed and amended from time to time and users notified of the amendments accordingly.

7.2 What constitutes a Valid PO?

All suppliers will be notified by NHS Wales Procurement Services as part of the implementation of the policy of the No PO/No Pay Policy that they must not, under any circumstances, accept any verbal or written order from NHS staff unless a valid PO number is given or there is an agreed exception as set out in Appendix 1.

Any invoice received that does not quote a valid PO number will be subject to a non-compliance escalation procedure as detailed below.

7.3 What is a Valid PO number?

Valid PO's are Purchase Orders from NHS Wales ordering systems which are the following:-

- Oracle Financial and Procurement System
 - Oracle is the standard financial system used by NHS LHB's / Trusts in Wales.
- Oracle via Basware
 - This is an electronic exchange linked to Oracle for the electronic transmission of purchase orders.
- Oracle EBS via GHX
 - This is an electronic exchange linked to Oracle for the electronic transmission of purchase orders.
- The Pharmacy system used for generating pharmaceutical orders.

7.4 Submission of invoice

The Purchase Order will confirm which address invoices need to be submitted for payment. Some invoices will be submitted through the electronic exchanges or via the OCR process.

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7.5 Public Sector Payment Policy

Provided a supplier has quoted a valid Purchase Order number which has been obtained in advance of supply, NHS Wales commits to paying invoices in line with the Public Sector Payment Policy i.e. within 30 days from receipt of a valid invoice [not the invoice date], or receipt of the goods or service, whichever is later.

7.6 Notification to Supplier of No PO on Invoice

If a supplier sends an Invoice with No PO and it does not sit within the agreed exception list then the first standard letter will be sent **[see Appendix 2]** explaining the No Po No Pay policy and what do next. Subsequent failure to quote a valid PO will result in a second letter shown in **Appendix 2(a)**.

7.7 Notification to NHS staff of No PO raised

If a member of NHS Wales's staff requests goods or services from a supplier that does not sit within the agreed exception list then the a standard letter (see **Appendix 3**) will be sent to the member of staff.

8 Non Compliance Policy

To ensure the implementation of the is policy is effective it is important that there is a clear policy of dealing with non-compliance, whether that is in relation to internal staff within NHS Wales or suppliers. The following escalation process will therefore apply:

Supplier

Level	Response	Action
Level 0	Communication to Suppliers of NHS Wales policy	NWSSP standard communication
Level 1	First reminders to non-compliant suppliers – Appendix 1	Appendix 2 letter – payment made
Level 2	Final reminders to non-compliant suppliers – Appendix 1a	Appendix 2a letter – payment NOT made until a valid purchase order number is quoted

NHS staff

Level	Response	Action
Level 0	Communication to NHS staff of NHS Wales policy	NWSSP and LHB / Trust communication

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Level 1	First reminders to non-compliant NHS staff – Appendix 3	Appendix 3 letter
Level 2	Communication with individual / line manager	LHB / Trust to deem if a training need etc. Option is available to remove Oracle responsibility.

9 Training

Training resources aimed at the key staff affected by this policy have been developed and will be communicated to all relevant staff in advance of the implementation date.

10 Implementation

The No PO No Pay policy has already been adopted by some NHS LHB's in Wales but will be implemented as one standard policy from the 1st June 2018 with notifications to suppliers and staff then commencing. Invoice payments will not be withheld for a period of a further three months until 1st September 2018. It will apply to all orders for goods, services or works placed with NHS Wales subject to the agreed exceptions in Appendix 1. The policy is a national NHS Wales policy but responsibility for implementation will be for local Health Board's and Trusts following and agreed national implementation plan.

11 Audit

This policy will be subject to internal audit review from time to time.

12 Review

This policy will be reviewed every 3 years.

13 Appendices

Appendix 1	PO Exceptions List
Appendix 2	Letter to Supplier template
Appendix 2a	Letter to Supplier Template
Appendix 3	Letter to staff template

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APPENDIX 1

Exceptions to the No PO/No Pay Policy

The following areas do not require a valid PO number. This list is currently under review. The Exceptions List currently covers:

- CHC/Nursing Home Payments
- Pharmacy
- NHS Organisations including NCA/IPC
- Nurse bank agency invoices
- Leased car repairs
- Primary Care Contracts including Out of Hours, Low Vision, Collaborative Fees, Blue Badges
- Orthotics
- Study Leave
- Business Rates
- Eye Tests
- Mobile Phone Charges
- Reimbursements to Patients including Patients travelling
- Telephone Call Charges
- Telephone Line Rental
- Utilities
- Work Permits
- Bunkered Fuel & Fuel Cards
- Purchase Card
- Taxis
- TV Licences

Technical list of Exceptions:-

- Payment of Salary deductions
- Tax, NI & Superannuation
- Petty cash
- Losses & Compensation including Redress

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Appendix 2

Letter to Supplier template 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 organisations standard Purchase Order system processes.

We have recently received the above quoted invoice from yourselves and a valid purchase order number was not quoted. Please be advised that use of valid PO numbers 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 must be quoted on your invoice. If you wish to discuss this matter further, please contact:-

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

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Appendix 2a

Letter to Supplier Template 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 or purchasing taking place outside the organisations standard Purchase Order system processes.

We have recently received the above quoted invoice from yourselves and a valid purchase order number was not quoted. Please be advised that use of valid PO numbers is mandatory for this category of supplies. You have previously received a letter outlining this policy and stating that any further invoices received without a PO will not be paid.

We therefore advise you that until a Purchase Order Number is quoted this invoice will not be paid.

If you wish to discuss this matter further, please contact:-

Name: _____

Tel No: _____

Yours faithfully

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Appendix 3

Letter to staff template

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: _____

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 the Supplier of the PO Number.

Name: _____

Tel No: _____

If you did not make this purchase through the Oracle system please ensure in future that orders of this type are only ordered through the

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Oracle system. Failure to use the Oracle system with an associated valid PO delays the invoice payment process and risks interrupting supplies and is a contravention of the LHB's / Trusts Standing Financial Instructions. Non-compliance could result in further communication with yourself and your line manager and impact your ability to raise orders in future. Many thanks for your help in resolving this matter.

Yours faithfully