

# Accounts, Audit and Risk Committee

## Use of Purchase Orders

18 September 2013

### Report of the Interim Head of Finance and Procurement

#### PURPOSE OF REPORT

The purpose of this report is to provide information to the Accounts, Audit and Risk Committee on the Council's use of Purchase Orders.

This report is public

#### Recommendation

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The Accounts, Audit and Risk Committee is recommended to:

- (1) Note the contents of the report on the progress the Council is making to improve the use of purchase orders.

#### Background information

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The Annual Governance Statement was presented to Accounts, Audit and Risk Committee on 26 June 2013. This included one high risk issue around the use of purchase orders:

The Council faces an extremely challenging year in 2012/13 as it seeks to manage significant budget reductions, increasing demand for some key services and new ways of working, simultaneously. The following represent the key issue to be addressed in relation to one significant governance issues:

No.	Issue	Action taken
1	<b>Creditors</b> One high risk issue was noted relating to non purchase orders. PwC audit showed that no purchase order was in place for 77% of invoices received in year. Performance in this area is comparable to prior year (83%). If purchase orders are not raised, there is an increased risk that unauthorised purchases may not be identified until invoices are received. In addition, the Council is not able to fully monitor commitments unless a purchase order is posted to the system. This increases the risk that the budget position is not fully understood.	Whilst progress has been made in this area as a result of it being a significant issue in last year's report – it is still not at a satisfactory level. An action plan has been developed to improve the use of purchase orders and we will also implement a no purchase order no payment policy from June 2013.  This action plan will be monitored throughout the year.

We implemented the “no purchase order no payment policy” in June. Our purchase order statistics are currently:

2013/14	Use of Purchase Orders		
Month	Order	Non Order	Total
April	201	450	651
	<b>31%</b>	<b>69%</b>	
May	153	561	714
	<b>21%</b>	<b>79%</b>	
June	313	260	573
	<b>55%</b>	<b>45%</b>	
July	339	261	600
	<b>57%</b>	<b>44%</b>	
August	342	179	521
	<b>66%</b>	<b>34%</b>	

This shows an improving trend since the PwC internal audit report at the end of 2012/13. However, we recognise that there still needs to be further improvement and will update the committee verbally at the meeting.

### Implications

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- Financial:** There are no financial issues arising from this report  
Comments checked by Nicola Jackson, Corporate Finance Manager 01295 221731.
- Legal:** There are no legal issues arising from this report.  
Comments checked by Nicola Jackson, Corporate Finance Manager 01295 221731.
- Risk Management:** There are no risks arising directly from this report.  
Comments checked by Nicola Jackson, Corporate Finance Manager 01295 221731.

### Wards Affected

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All

### Document Information

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Appendix No	Title
None	
Background Papers	
None	
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