

Cherwell District Council
Accounts, Audit and Risk Committee

26 March 2014

Use of Purchase Orders

Report of the Head of Finance and Procurement

This report is public

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.

1.0 Recommendations

The Accounts, Audit and Risk Committee is recommended to:

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

2.0 Introduction

The 2012-13 Annual Governance Statement included one high risk issue around the use of purchase orders (77% of invoices had no purchase order in place). Since then finance staff have been working to improve this performance.

3.0 Report Details

- 3.1 Purchase order statistics for this financial year are as follows:

Month	Order	Non Order	% Success
April	201	450	31%
May	153	561	21%
June	313	260	55%
July	339	261	57%
August	342	179	66%
September	314	258	55%
October	407	291	58%
November	460	199	70%
December	450	194	70%
January	458	153	75%
February	493	154	76%

Previously, we have reported that, finance staff have reviewed the performance for each Head of Service area to help target training. Environmental Services depot uses the Roadbase system to record all their orders/invoices. However, this is a separate system and the purchase order function is not compatible with the purchase order function of the financial information system (currently Agresso). The need for this interface will be pursued when the financial information system is replaced next year. Roadbase accounts for 12% of invoices and excluding these, gives the following statistics:

Month	Order	Non Order	% Success
April	201	401	33%
May	153	458	25%
June	313	161	66%
July	339	173	66%
August	342	94	78%
September	314	170	65%
October	407	197	67%
November	460	116	80%
December	450	97	82%
January	458	69	87%
February	493	77	86%

A review of the February invoices processed without a purchase order has identified a further 20 invoices that should have a purchase order attached in the future. This reduces the non-purchase order invoices to 57 and would increase the percentage success to 90% (excluding Roadbase).

Therefore officers are initially proposing to set a target of 85% of invoices to be paid with a purchase order (excluding Roadbase). We will monitor progress and provide updates to future meetings.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The Accounts, Audit and Risk Committee is recommended to note the contents of the report on the progress the Council is making to improve the use of purchase orders.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not applicable as this report is for information.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no financial implications arising directly from any outcome of this report.
Comments checked by: Nicola Jackson, Corporate Finance Manager
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Legal Implications

- 7.2 There are no legal implications arising directly from any outcome of this report.
Comments checked by: Kevin Lane, Head of Law & Governance,
Tel: 0300 0030107, kevin.lane@cherwellandsouthnorthants.gov.uk

Risk Management Implications

- 7.3 There are no risk implications arising directly from any outcome of this report.
Comments checked by: Nicola Jackson, Corporate Finance Manager
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8.0 Decision Information

Key decision – Not applicable

Wards Affected – Not applicable

Links to Corporate Plan and Policy Framework – Not applicable

Lead Councillor - None

Document Information

Appendix No	Title
None	
Background papers	
None	
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