



Purchasing Policy

Regulatory Standards of Governance and Financial Management

Standard 3: Yorkhill Housing Association Limited manages its resources to ensure its financial well-being and economic effectiveness.

RISK MANAGEMENT

This policy has been put in place to ensure that risks identified are prevented by:

Segregating duties therefore providing automatic 'double checks'.

Expenditure is approved by Authorised signatory.

Adequate funds are available to cover cost of items.

Records are kept for all transactions.

Obtaining Value for Money.

Openness and accountability in choice of supplier.

1.1 Objectives

- To ensure Association has adequate procedures in place to demonstrate control.
- To ensure Association complies with rules and regulations set by Auditors both internally and externally.
- To ensure Association is efficient and ensures control over finances.
- To ensure the Association complies with Financial Regulations and Procedures.

2.1 Stationery and Office Supplies: Ordering

- 2.1 Staff requiring stationery should firstly speak to administration staff who will place the order and raise purchase order.
- 2.2 Purchase Orders under £300 can be authorised by administration staff.
- 2.3 Purchase Orders over £300 must be authorised by a Senior Staff member of the Chief Executive

3.1 Stationery and Office Supplies: Invoice Authorisation

3.1 The purchase order showing appropriate authorisation should be attached to the invoice on receipt as well as the delivery note showing receipt of goods.

3.2 The invoice will then be passed to the appropriate person for authorisation i.e.:

Invoices will be authorised by the following personnel:

- Senior staff member for invoices up to £1,000.
- Chief Executive/Director of Property Services and Compliance Manager only for invoices over £1,000.

4.1 Furniture and Fittings/Office Equipment: Ordering

4.1 Staff requiring items of Furniture, Fittings or Office Equipment up to a value of £500 must gain prior approval from their section head. Section head should ensure equipment is adequate for the Association's needs.

4.2 Staff requiring items of Furniture, Fittings or Office Equipment over £500 and up to £3,000 must obtain 3 quotes and gain prior approval from the Chief Executive.

4.3 Staff requiring items of Furniture, Fittings or Office Equipment over £3,000 must obtain 3 quotes and prepare a report for full Management Committee for approval.

4.4 Prior to raising the order staff should check with Finance Manager that adequate funds remain within the budget to enable the items to be purchased.

4.5 On approval the Staff member should then raise a purchase order in Homemaster and the order is approved by a Senior Staff member.

4.6 On receipt of goods items must be logged into equipment register by admin staff for items up to value of £500. Items over £500 will be logged into Fixed Asset Register by Finance Manager.

5.1 Furniture and Fittings/Office Equipment: Invoice Authorisation

5.1 The invoice will then be passed to the appropriate person for authorisation i.e.:

- Senior Staff for invoices up to £1,000.
- Chief Executive/Deputy Chief Executive Office only for invoices over £1,000.

6 . Lease of Office Equipment

- 6.1 Three quotes have to be obtained in writing.
- 6.2 Equipment and lease being offered have to be researched by personnel initially.
- 6.3 Details of lease being offered is sent to Association's Solicitor to ensure terms of lease are legally correct.
- 6.4 Credit check on leasing company to be carried out.
- 6.5 Finance Manager approached to ensure adequate funds available to make payments during the full term of the lease.
- 6.6 On receipt of Solicitor's reply, the Chief Executive or appropriate member of personnel will prepare a report for Management Committee detailing:
- Equipment details
 - Cost
 - Solicitors' report on lease
 - Finance Manager Report on ability to fund lease for full term.
 - Staff recommendation
- 6.7 Only on approval from full Management Committee can lease be signed.

7. Purchasing goods by Petty Cash

- 7.1 The Association operates an imprest petty cash system. The amount of the impress float is currently £300.
- 7.2 All staff and committee members at some time require to be given Petty Cash money for use in travelling, purchasing office supplies etc.
- 7.3 Procedures to be followed for receiving Petty Cash are as follows:

1. Prior to money being handed over by the Finance Department, staff or committee members should seek approval on a Petty Cash voucher signed by the Chief Executive or a Senior Staff member.
2. The Chief Executive should have the petty cash voucher signed by a member of the Senior Staff and countersigned by a member of the Management Committee.

It is recognised that cash may have to be given to staff or committee members in advance of the expense being made; in these circumstances the following procedures should be used.

1. Chief Executive or Senior Staff Member should sign a petty cash voucher showing the sum required in advance of the expense.
2. Once expense has been incurred and a receipt is available the staff or committee member should get a new petty cash voucher signed for the exact amount of the expense and attach the receipt.
3. The petty cash voucher and receipt should then be taken to the Finance Department along with any refund and the Finance Department requested to tear up the previously supplied voucher showing the amount paid in advance.
4. The Petty Cash Box will be kept locked at all times and be locked away in the safe when not in use.
5. The Senior Finance Assistant is responsible for handling and reconciling the petty cash account to the nominal ledger.
6. It should be noted that the Association keeps a very small sum for petty cash and that, in the event of a large item of expenditure being purchased it is likely that the petty cash float will not cover the cost. If this is the case, staff or committee should give the finance department prior notice that the item is required and the likely cost, to ensure that adequate funds are made available.
7. A bank transfer can be processed to a nominated bank account subject to authorisation from the Chief Executive or Senior Staff member. A report will be presented to the Governance and Finance Sub Committee which should detail the type of expenditure, reason for expense and amount and date of transaction.