Policy and Procedure

Procurement and Accounts Payable

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1. Introduction

This document outlines the comprehensive **Procurement and Accounts Payable Policy and Procedure** for The Metanoia Institute. It serves as a guide for all staff involved in the procurement process and the management of accounts payable. The policies within are designed to ensure that all procurement activities are conducted in a transparent, efficient, and accountable manner, aligning with the Institute's financial controls and ethical standards.

The document is structured to cater to both routine and non-routine procurement activities, detailing the procedures for obtaining goods, services, and works, as well as the steps required for processing and managing payments to suppliers. By adhering to these procedures, The Metanoia Institute aims to ensure value for money (VFM) in all transactions, uphold financial integrity, and maintain effective budgetary control.

This policy is intended to be user-friendly and accessible to all staff members, regardless of their familiarity with procurement processes. It includes clear definitions, step-by-step procedures, and visual aids such as tables and flowcharts to facilitate understanding and compliance.

2. Purpose

The purpose of this policy is to:

- Establish clear and efficient procedures for routine and non-routine expenditures.
- Ensure all procurement activities align with the principles of transparency, fairness, and value for money.
- Define the approval process for expenditures, ensuring accountability at all levels.
- Standardise the management of accounts payable to ensure timely and accurate payments.

3. Scope

This policy applies to all departments and staff at The Metanoia Institute involved in the procurement process and accounts payable management. It covers all expenditures, both routine and non-routine, and provides guidelines for pre-approval, supplier selection, and invoice processing.

4. Definitions

Procurement	The process of acquiring goods, services, or works, including all stages from identifying needs to paying suppliers.
Routine Expenditure	Regular, budgeted expenses that occur as part of normal departmental operations. Example: Office supplies, utility bills, kitchen supplies, cleaning supplies, regular software licenses, pre-approved business-related travel.
Non-Routine Expenditure	Larger, infrequent purchases that may involve new suppliers and require additional scrutiny and approval. Example: Capital expenditure; laptops, new IT systems, major building repairs, new service contracts etc.
Purchase Order (PO)	A formal document issued to a supplier authorising a purchase.
Invoice	A bill from a supplier detailing goods, services, or works provided and the amount due.
Head of Department	The individual responsible for managing departmental finances, including procurement.
Value for Money (VFM):	Ensuring that every expenditure achieves the best possible outcome in terms of: - Quality - Cost, and - Sustainability.

5. Procurement Procedures

5.1 Routine Expenditure

Routine expenditures are those that are planned and budgeted within the departments. For example, Office supplies, utility bills, kitchen supplies, cleaning supplies, regular software licenses, pre-approved business-related travel. The following steps outline the procurement process for routine expenditures:

1	**Departmental Approval**	• The Head of Department reviews and approves the purchase request. • Ensure the expenditure aligns with the department's budget.
2	**Receipt of Goods/Services**	• Upon receiving goods/services, the department checks them against the original request. • Any discrepancies must be reported to the supplier immediately.
3	**Invoice Verification**	• The supplier sends an invoice, which must be checked for accuracy. • The invoice is signed off by the Head of Department.
4	**Submission to Finance**	• The signed-off invoice, along with relevant documentation/emails, is submitted to the Finance Department for payment processing. • Departments must submit invoices at least 15 working days before the payment is due.
5	**Payment Processing**	• The Finance Department processes payments based on the agreed payment terms with suppliers.

5.2 Non-Routine Expenditure

Non-routine expenditures are significant purchases that are not part of regular departmental operations. For example, Capital expenditure such as laptops, new IT systems, major building repairs, new service contracts etc. These require additional approval and scrutiny to ensure value for money.

1	**Initial Request and Budget Check**	• The Head of Department initiates the request, providing details on the requirements and outlining how the expenditure will benefit the Institute. The proposal is then submitted to the CEO and DoF for review to ensure alignment with strategic goals and to confirm the availability of funds.
2	**Requirement Specification**	• Detailed specifications are prepared to clearly define the needs and expected outcomes of the expenditure. • For any expenditure exceeding £500, at least three quotations must be obtained from different suppliers to ensure value for money and allow for a thorough evaluation.
3	**Evaluation of Quotations**	• The quotations are evaluated based on: **Price**, **Quality**, and **Suitability**. • The Head of Department selects the best option and seeks approval from the Director of Finance.
4	**Approval by Director of Finance and CEO**	• For non-routine expenditures above £500, both the Director of Finance and the CEO must approve the expenditure before proceeding.
5	**Issuing a Purchase Order (PO)**	• Once approved, a PO is issued to the selected supplier.
6	**Receipt of Goods/Services and Invoice Processing**	• The same steps for receipt and invoice verification as in routine expenditure are followed.
7	**Submission to Finance**	• The signed-off invoice, along with all supporting documents, is submitted to the Finance Department.
8	**Payment Processing**	• Finance processes the payment based on agreed terms and ensures all documentation is complete.

6. Accounts Payable Procedures

The Accounts Payable process is crucial to managing the Metanoia Institute's financial obligations. This section outlines the steps to ensure timely and accurate payments.

6.1 Invoice Receipt and Verification

Receiving Invoices:

- All invoices should be sent directly to the Finance by the Head of Department after initial verification and authorisation along with relevant paperwork/emails etc.
- For non-routine expenditure, invoices must reference the corresponding Purchase Order (PO) number.

Verification Process:

- The Finance Department checks the invoice against the PO (if any) and ensures correct authorisations have been provided.
- And any discrepancies are resolved with the department or supplier before payment processing.

Verification of Bank Details:

- For suppliers being paid for the very first time, the Finance Department will verify the bank details provided on the invoice. The verification should be done over the phone by calling the supplier.

6.2 Payment Processing

Scheduling Payments:

- Payments are scheduled according to the supplier’s terms, considering the 15-20 working-day processing time.
- Urgent payments require special approval from the Director of Finance or CEO.

Approval and Execution of Payments:

- All payments are approved on HSBC e-payment portal by the Director of Finance.
- All payments are made electronically (BACS) with all transactions recorded in the financial system.

Record Keeping:

- The Finance Department maintains records of all transactions, including POs, invoices, and payment confirmations.
- These records are subject to internal and external audits.

8. Responsibilities

Heads of Department:

Ensure compliance with procurement and accounts payable procedures within their departments. Review expenditure with approved budgets.

Director of Finance:

Oversees the procurement process, reviews and approves expenditures, and ensures timely and accurate payment of invoices.

CEO:

Provides final approval for significant expenditures, ensuring alignment with the Institute's strategic goals and financial sustainability.

Finance Department:

Manages the accounts payable process, verifying the accuracy of invoices, ensuring compliance with financial regulations, and maintaining detailed records of all transactions.

9. Conclusion

This policy aims to ensure that all procurement and accounts payable processes at The Metanoia Institute are conducted efficiently, transparently, and in a manner that ensures value for money. By adhering to these procedures, the Institute will maintain strong financial control and uphold its commitment to excellence in financial management.

Feedback and Suggestions

We encourage all staff to provide feedback on this document to help us improve our procedures. If you notice any errors, inconsistencies, or have suggestions for improvement, please report them to Shahzad.asghar@metanoia.ac.uk so that we can continue to refine our processes.