

	QP29	Purchases Policy, including Purchase Order First Policy	Version No.	Date of last version
	Department: Property & Maintenance		2.0	December 2025

1. Purpose and strategic aim

This policy sets out how LACE Housing purchases goods and services responsibly, ensuring value for money, transparency, and compliance with our financial regulations and procurement framework.

The policy explains how Purchase Orders (POs) must be used, who can authorise spending, and how invoices are processed and paid. It supports the organisation's financial controls, ensuring that all expenditure is:

- Authorised before commitment ("Purchase Order First").
- Linked to a valid budget or approved project.
- Accurately recorded for audit and reporting.

Through this approach, we ensure every pound spent supports our corporate objective:

"Creating and maintaining well-designed, safe, secure, high-quality, and energy-efficient places that residents are proud to call home."

2. Scope

This policy applies to all staff involved in purchasing goods, works, or services on behalf of LACE Housing.

It covers:

- All financial commitments made to external suppliers, consultants, and contractors.
- The creation and use of Purchase Orders (POs) or Maintenance Contracts (MC).
- The approval, receipt, and payment of invoices.
- Controls to prevent unauthorised, duplicate, or fraudulent payments.

It complements:

- CP11 Financial Regulations.
- Annexe to CP11 Budget owner, purchasers and approvers.
- VAT Flowchart.
- CP19 Procurement Policy.
- QP9 Contractor and Supplier – Approval policy.
- QP18 Credit Card policy.

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3. Key principles

- **Purchase Order First:**

A valid Purchase Order (PO) or Maintenance Contract (MC) must be raised and approved before goods or services are ordered, except in agreed exceptions.

- **Authorisation before commitment:**

Expenditure must be approved by the appropriate budget holder before a supplier carries out work or delivers goods if the cost is not identified in the budget or the budget has been exceeded.

- **Transparency and auditability:**

All purchases must be traceable in the finance system, linked to a PO number or MC number, and supported by documentation showing approval and receipt.

- **Value for money:**

All purchases must follow the principles of fairness, competition, and proportionality, in line with our Procurement Policy.

4. Roles and responsibilities

Role	Responsibilities
Budget Holder / Manager	Reviews actual budget expenditure to budget assumptions.
Purchaser / Requestor	Raises the Purchase Order or Maintenance Contract, obtains quotes where required, and ensures goods or services match specification.
Finance Team	Raises invoices, codes to the correct cost centre where one line needs splitting across multiple cost centers, checks a PO has been raised and completed before issuing the invoice for approval. Maintains accurate payment records. Completes quarterly internal control for compliance with this policy and risk controls.
Invoice Approver	Reviews invoices to PO, checking coding and VAT referring to the VAT flowchart.
Director of Operations / Chief Executive	Approves high-value commitments or exceptional spend above delegated limits, securing, documenting and indexing Board approval above £100,000.

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Role	Responsibilities
Suppliers Contractors	<p>Must quote the official PO or MC number on all invoices, and include their VAT number and show separate values for:</p> <ul style="list-style-type: none"> • The net value of goods and services before VAT. • The percentage and amount of VAT. • The total of the net value and amount of VAT.

5. Purchase Order process

- Identify the need:** Confirm the purchase aligns with business objectives and is within budget.
- Obtain quotes:** Follow Procurement Policy thresholds for competitive quotations or tenders.
- Raise a Purchase Order or Maintenance Contract:**
 - Enter details in HomeMaster before placing the order.
 - Ensure coding reflects cost centre and budget.
 - Secure budget holder approval if cost is not included within the budget.
- Send PO to supplier:** Only approved POs are issued to suppliers.
- Receive goods/services:** Confirm delivery or completion before the invoice can be approved.
- Invoice matching:** The Finance Team will only pay invoices that match an approved PO or MC number, and the PO has been completed.

Invoices received without a valid PO will be queried or returned to the supplier.

6. Exceptions

Some payments cannot follow the Purchase Order First process due to their nature or urgency. These are limited to:

- Utility bills and standing charges (e.g., gas, electricity, water).
- Statutory fees, taxes, interest charges, or regulatory charges.
- Emergency repairs required to make homes safe (logged via maintenance system).
- Professional fees where services are already contracted (e.g., legal, audit, insurance) and should be identified through a Maintenance Contract.
- Subscriptions or annual software licences where renewals are automated, generally through a credit card or payment card.

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- Resident refunds or staff expenses (recorded through the appropriate system).

All exceptions must still be authorised in advance and recorded for audit purposes.

7. Invoice processing and payment

- All supplier invoices must quote a valid PO or MC number.
- Finance will match invoices to approved and completed POs before requesting approval of the invoice.
- Invoices must be received electronically where possible.
- Payment terms are normally 30 days from receipt of a valid invoice unless otherwise agreed.
- Duplicate, incomplete, or invalid invoices will be returned.

8. Monitoring and governance

- The Finance Team monitors compliance with the Purchase Order First rule and reports the corresponding internal control findings quarterly to the Audit & Compliance Sub-Committee.
- Budget holders are responsible for ensuring expenditure remains within budget and that suppliers are compliant with the Contractor Code of Conduct.
- Internal audits may review purchasing and payment activity to test controls.
- Annual refresher training will be provided for staff involved in procurement or authorisation.

9. Breach of Policy

Failure to follow this policy may result in disciplinary action and/or removal of purchasing authority. Intentional misuse of purchasing powers, unauthorised commitments, or fraudulent activity will be treated as gross misconduct and may result in disciplinary action.

10. Review

This policy will be reviewed every three years, or sooner if required by internal audit or regulation.

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11. Our Commitment – People • Places • Partnerships

- **People:** We act with integrity, fairness, and accountability in every financial decision.
- **Places:** We manage resources wisely to maintain safe, high-quality homes and neighbourhoods.
- **Partnerships:** We work openly with suppliers, contractors, and auditors to build trust through compliance and transparency.

12. Risk and control table

Risk Area	Description of Risk	Existing Controls	Further Actions / Assurances
Unauthorised or unapproved spend	Purchases made without budget holder approval or PO.	Purchase Order First rule; system workflow approval.	Quarterly audit of exceptions; refresher training for staff.
Fraud or collusion	Intentional misuse of purchasing powers or duplicate payments.	Segregation of duties (request, approve, pay); audit trail.	Random spot checks by Finance.
Late or inaccurate payments	Supplier invoices not matched correctly or delayed.	PO number requirement; automated invoice tracking.	Review supplier performance annually.
Reputational risk	Perception of poor financial control or unfair supplier treatment.	Transparent processes and consistent communication.	Publish summary of supplier standards (Contractor Code).
Data error or system failure	Incorrect coding, duplication, or loss of financial data.	Finance system backups; restricted access.	Periodic data integrity review.