

Meeting:	Audit & Governance
Meeting date:	30/07/2025
Report of:	Debbie Mitchell, Director of Finance
Portfolio of:	Cllr Lomas, Executive Member for Finance, Performance, Major Projects, Human Rights, Equality & Inclusion

Audit and Governance Committee Report:

Update on Purchasing Compliance & No Purchase Order No Pay

Subject of Report

1. The report provides an update to members of Audit & Governance Committee about the ongoing review of Purchasing Compliance, encompassing No Purchase Order No Pay (NPONP) processes. It details the progress made since the report to members in November 2024.

Policy Basis

2. The report and the recommendation support the Financial Strategy of the Council, by providing assurance to Members that financial regulations are followed, orders are raised with the proper authorisation and budgetary control is adequate.

Recommendation and Reasons

3. Audit & Governance are asked to note and comment on the progress to date.

Reason: to gain assurance that the Council is taking proper action to respond to the agreed audit actions and improvements to purchasing processes are being made where necessary.

Background

4. A report on the compliance with the NPONP policy and continuing retrospective ordering was brought to this committee in November 2023. At which point an action plan was agreed for improving both these areas of concern.
5. This committee also received an update on the action plan in February 2024 and November 2024 which showed signs of improvement.

Progress Update

6. A thorough review of Purchasing is being undertaken with a much wider scope than just issues relating to No Purchase Order No Pay. We are making good progress with our review, but due to limited resources and extended scope of the review, this is taking longer than originally planned.
7. The update that follows covers in turn the areas from the original action plan shared with A&G in November 2023. The action plan is included for reference at Annex A.

Policy & Processes

8. The policy remains under review by Finance, Business Support and Procurement. The benefits of the policy still apply today, however adherence to the policy remains inconsistent. With agreement from CMT we are now consulting top-down through Directors, Assistant Directors and Heads of Service.
9. Consulting with services is ongoing and discussions have so far been productive. There have been several meetings in the last few months, although resources have mainly been directed towards production of Final Accounts and submission of Government Returns.
10. Retrospective ordering is still an issue across departments. It should be noted that we define retrospective orders as where the purchase order date comes after the invoice date. There are situations where an invoice arrives that exceeds the remaining value on a purchase order. We cannot extend the value on a purchase order and so a new order will be raised, and this will count as a retrospective order.

11. From this report onwards, only Orders placed directly through the Purchasing system will be reported on. Orders placed elsewhere that interface with the Purchasing system are in a different format and not compatible with the current method of analysis. This removes less than 1% of orders.
12. For orders that are processed through Business Support, we have put in place a new procedure where any request by an officer to raise a purchase order retrospectively is sent to the Systems Accountant for investigation. We are taking every opportunity to educate officers and improve compliance with the policy. The new procedure has led to some unexpected issues which are being addressed on a case-by-case basis.
13. Call-off orders are now being increasingly used by officers where either the value or quantity ordered is unknown in advance.
14. Exemptions remain an option and are assessed on a case-by-case basis in consultation with Procurement. They are primarily for situations where costs are borne unto the Council and we cannot readily choose the supplier, scope or cost.
15. The data from the last round of monitoring shows that there have been further reductions in the number of retrospective orders across the council. To produce a meaningful comparison, the YTD figures are calendar year January 2025 to end of June 2025.

Department	Retrospective Orders CYTD	Total Invoices CYTD	% CYTD	% November 2024 report
Transport, Environment & Planning	644	2,863	23%	30%
Business Support	809	3,736	22%	22%
Housing & Building Services	651	1,750	37%	44%
Other Services	641	3,368	19%	25%

16. The data shows a further reduction across services. A meeting with Highways was held in May, so there has not been sufficient time for the outputs from this meeting to be realised in the numbers for Transport, Environment & Planning.

Training Provision

17. Since the last report, existing self-serve Training materials have been re-written, and the Intranet has been updated with new guides – work will continue to ensure that adequate training materials are available for self-service. Uptake of this existing training provision has improved.
18. Following an Internal Audit report into Budget Management in July 2024, further training needs were identified relating to the purchasing system – to avoid duplication of work and training overload, it is prudent to widen the scope of training from just that related to No Purchase Order No Pay.
19. As recommended previously, new training is being created and this will be a mandatory requirement for all new users of the purchasing module. This will be created with the support of the Workforce Development Unit.
20. For existing users, a refresher training module has been planned for inclusion on the Council's online training system (MYLO) and subject to CMT approval, it is suggested that there will be a requirement to complete this on an annual basis. This training resource will be constantly updated to reflect best practice and to cover the most common queries and mistakes made.

Conclusion

21. We are continuing to work through the action plan and raise awareness of the correct procedures for purchasing at CYC and improvements are being seen, as shown by the data shared.
22. As previously mentioned, this is a very large piece of work within an ever more congested workload. For these policies to be a success will require cultural change within the organisation and the ongoing support of CMT and Members is invaluable.
23. The action plan has been updated at Annex A.

Consultation Analysis

24. Consultation has taken place with the FMS Systems team, Business Support (responsible for the Creditors function) and Corporate Procurement; as these sections all have a role to play in the purchasing process.

25. Consultation about the changes being made will be shared with these teams and Corporate Management Team to ensure support for the changes.

Risks and Mitigations (optional section)

26. If the purchasing processes and No PO No Pay policy are not followed correctly, the main risk is to proper budgetary control. In the current economic climate, it is essential that all commitments are forecast as far as is possible and suppliers understand the terms of payment offered by the Council.

Contact details

For further information please contact the authors of this Report.

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Background papers

- A&G Report, Update on No PO No Pay processes, 8th November 2023
- A&G Report, Update on Action Plan - No PO No Pay, 28th February 2024
- *City of York Council Creditors internal audit report, issued 13/03/2023*
- *City of York Council Financial Regulations*
- *NPONP Exemptions Policy and List*

Annexes

- Annex A: Action Plan