



## **Procurement Policy**

### **1. Budget Setting:**

The Liverpool BID Company have a framework for the procurement of goods, works and services. This framework outlines the delegated levels of authorisation that must be maintained to comply with the Liverpool BID Company procurement policy.

- a) The budgets (and the commitments within those budgets) are set prior to the start of each financial year by the Chief Executive Officer, Head of Finance and Chairs of the Operating Boards;
- b) The budgets are subsequently approved by the Executive Board;
- c) Purchase orders are not required because the budgets are pre-approved by the CEO/Board and managed by a nominated person within the team;
- d) The budgets are approved with the understanding that the Finance team will appropriately cost each item of expenditure and along with a nominated budget holder will monitor the budgets monthly;
- e) Formal quarterly reviews of the budgets will be undertaken by the Chief Executive Officer, the Head of Finance and the Chairs of the Operating Boards prior to quarterly Board meetings;

## 2. Order Approvals:

- Director of Strategic Partnerships & Communications, Director of Operations, Marketing Manager, Head of Finance and Engagement Manager can sign purchase orders up to the value of **£500**;
  - Purchase orders between **£500 and £2,500** can be authorised by Director of Strategic Partnerships or Director of Operations, otherwise must be countersigned by the Chief Executive Officer;
  - Purchase orders between **£2,500 and £15,000** can ONLY be signed by the Chief Executive Officer of the BID Company;
  - A report giving full details of expenditure must be presented to the **Executive Board** for any purchase order **over £15,000**. Any purchase order over **£15,000** can ONLY be signed off by the Chief Executive Officer with approval from the Executive Board;
  - All expenditure **over £5,000 will require 3 competitive quotes**;
  - Any new contracts undertaken (**over a 3 month period or longer**) will need to be countersigned by the Chief Executive Officer and the finance department in line with designated levels of expenditure;
- f) In regards to projects ie Christmas, where a budget commitment has been set, any purchase orders requested from suppliers should quote the project title to identify spend.
- g) Any approvals must be saved in the Expenditure Approvals folder within the finance section of the shared K drive. Approvals can be in email format.

The Liverpool BID Company's procurement policy should be adhered to at all times.

## 1. Financial Regulations

The financial control regulations outline key financial control procedures of the Liverpool BID Company.

### 2.1 Income / Company / VAT / Cash

- Sales invoices are created by the finance department;

- BID levy income is monitored on a monthly basis by the finance department and invoiced based on income received into the Council;
- Sales invoices are then entered onto the company finance system (Quickbooks).
- Incoming payments (cash/cheques/BACS) are logged onto the company financial system by the finance department;
- The finance department reconciles bank statements on a monthly basis;
- VAT returns are managed/ logged by the finance department;
- Petty cash is managed/logged by the finance department in accordance with the Liverpool BID Company petty cash policy;
- Staff expenses managed/logged by the finance department in accordance with Liverpool BID Company permitted expenses and subsistence rates.

## **2.2 Receipts**

Receipts must be retained for six years and available for inspection by Audit and HM Revenue & Customs (HMRC).

Always ask for a VAT receipt when VAT is included in the amount paid. A claim that is not supported by a valid VAT receipt will not be paid.

Valid receipts must be submitted with all expense claims. Claims made without valid receipts will not be paid.

## **3 Corporate card(s)**

### **3.1 Purpose**

This procedure details the financial controls that should be put in place in relation to the use of the corporate cards, and the process that should be followed when the corporate cards are used to procure goods and services.

Use of the corporate cards should be kept to a minimum wherever possible but should not restrict staff from undertaking regular duties (i.e. purchase of supplies, particularly where a cost saving can be made). Corporate cards may also be used to limit personal expense to members of staff (i.e. when entertaining levy payers).

### **3.2 Procurement Process & Proof of purchase**

All corporate card statements must be supported by original receipts or invoices.

The Company must have original receipts so that we can reclaim VAT from HMRC. To comply with VAT reclaim rules every receipt or invoice must detail:

- The date of purchase;
- Name and address of supplier;
- Description of goods or services supplied;
- The total charge, including VAT;
- VAT registration number.

Expenditure on corporate cards should be limited to personal business and corporate expenses such as hotels, subsistence and travel costs as much as possible. However, where it is deemed financially beneficial to purchase goods and services using a corporate card (i.e. ordering online) then it is acceptable to do so.

Receipts for such expenditure should be retained for all purchases.

Staff expenses should be completed on a monthly basis on an expense form, this should come with signed approval from the line manager and Chief Executive Officer before processing.

Any team members that require supplies or services to be purchased via this corporate card, should obtain authorisation from the managers highlighted within the Standing Orders unless the cost exceeds £500 (email is sufficient). Evidence of costs should be supplied along with the request which can be stored electronically.

### **3.3 Finance Process**

The corporate card statements will be deducted from the company bank account via direct debit. The designated finance team member will reconcile the statements and receipts to the bank and account for VAT when inputting the statement balance into the ledger.

The statements, and backing receipts will all be filed electronically on a monthly basis.

## **4. Permitted Expenses and Subsistence Rates**

The following apply to team members of the BID Company but may be applied to board members and other staff/consultants working on behalf of the BID where appropriate and/or approved by the relevant Manager or the Executive Board.

- All expenses claimed should be wholly and necessarily incurred as a result of your employment;
- Expenses may only be claimed once;
- Claims must be approved in advance;
- Claims including alcohol must be approved by the Chief Executive Officer and should be related to events/conferences where the BID can evidence impacting levy payers positively;
- Car mileage may be claimed in line with HMRC guidelines. Car mileage should be claimed using the appropriate staff expenses form which should be authorised by two Directors/Signatories;
- Expenses should not be used as a treat but should be in keeping with the nature and context of the occasion;
- Team members should be reminded that all claims should be submitted promptly within a month of the expense being incurred if possible and within 4 months at the latest. Claims made later than 4 months after the expense being incurred will not be paid;
- Travel/transport arrangements must be booked to minimise the cost to the Company.

## **5. Business Entertaining**

Team members shall minimise hospitality provided at the Company's expense except in accordance with such arrangements as may be approved from time to time, in advance, by the Company Directors or relevant Operating Board in accordance with delegation levels of authorised expenditure.

The Company has agreed that Directors can authorise the provision of hospitality by Team Members in accordance with these guidelines. These guidelines must be observed on all occasions. For the purpose of these rules, "hospitality" is deemed to exclude the normal tea/coffee and biscuits provided at meetings.

- Any hospitality must be provided on a relevant scale to the context of the event;
- Soft drinks must only be provided in the work place; alcoholic drinks must not be available;
- If it is necessary to provide hospitality outside the work place, this must be on a scale appropriate to the occasion, and be authorised in advance of the event;
- The number of staff involved on any occasion when hospitality is provided must be restricted and, in any event, must not extend beyond those directly involved with the matter in hand;
- The provision of all hospitality must be personally approved by the Chief Executive and member of the relevant Operating Board in keeping with the procurement guidelines;
- Bills for hospitality provided must be certified for payment by the Chief Executive Officer in keeping with the procurement guidelines;
- Each BID will maintain a register of all occasions upon which hospitality has been provided and of the numbers of persons involved and the costs incurred;
- Services are required to give sight of the register and supporting documentation to the Executive Board on request.

This policy should be read in conjunction with The Liverpool BID Policy on Anti-Bribery and Corruption.

### **5.1 Advisory note on VAT on business entertaining**

VAT on business entertainment expenses cannot generally be reclaimed. Business entertainment means entertainment (including hospitality of any kind) provided by a taxable person with a business carried on by him, but does not include the provision of any such entertainment for either or both

- Employees of the taxable person;
- If the taxable person is a company, its directors or persons engaged in the management of the company.

E.g. If the Company provides entertainment for the benefit of its employees' VAT would not be recoverable. However, VAT can be reclaimed for staff events (i.e. Christmas party) twice a year.