

# PROCUREMENT AND PURCHASING POLICY



*WHERE LEARNING IS UNSTOPPABLE AND ASPIRATIONS HAVE NO LIMITS*

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**Registered in England and Wales, Company Number: 10650092**

## **Policy Statement**

It is the Trust's policy to ensure that any spend of Public money regardless of value is carried out in a transparent and non-discriminatory way and in compliance with the Public Contracts Regulations and Bribery Act 2010.

The Trust has agreed Financial Regulations relating to the procurement of goods and services. These are included in the Scheme of Delegation and Record of Financial Responsibility. The RoFR records the limits set by Trustees. All school staff (including budget holders) must operate within these limits. Failure to comply with this Procurement Policy, the Trust Financial Regulations or Scheme of Delegation may result in withdrawal of authority and disciplinary action.

As a publicly funded organisation Orwell Multi Academy Trust and its academies in accordance with procurement legislation are 'Contracting Authorities'. Subsequently any procurement activity is regulated by the UK Public contracts regulations and EU procurement law. Any procurement activity has to be carried out in a transparent and non-discriminatory manner.

This policy set out how the Trust will manage its procurement to ensure compliance with relevant legislation.

### 1. Purpose of the Procurement Policy

1.1 This policy should be read in conjunction with:

- The rest of the Trust's Financial Regulations with particular reference to:
  - The Scheme of Delegation
  - The Record of Financial Responsibility

1.2 The Trust procurement policy is applicable to all purchasing activity regardless of value and should be followed by all staff involved in purchasing whether centrally or Academy based.

1.3 All procurement within the Trust and Academies shall be carried out in such a way to ensure compliance with legal requirements, including, the 2015 Public Contracts Regulations, EU Procurement legislation, Trust financial regulations, scheme of delegation and RoFR and any other requirements of the DfE or EFA.

1.4 There is a duty on all staff who may be involved in any stage of the procurement process to apply the key principles of best practice procurement to achieve appropriate governance, Value for Money and suitable quality of goods and services to meet our business needs. A widely-accepted definition of VFM refers to three elements.

- Economy – Minimising the costs of resources used
- Relationship between outputs and the resources used to produce them
- Extent to which objectives have been achieved

## 2. General Principles

2.1 A large proportion of purchases will be paid for with public funds. The basic rules of procurement aim to ensure that public funds are spent openly and fairly, and make the most of the budgets, whilst protecting against legal challenges, financial penalties and damage to the Trust's reputation. The Academy needs to maintain the integrity of these funds by following the general principles of:

- Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Academy
- Accountability, the Academy is publicly accountable for its expenditure and the conduct of its affairs
- Fairness, that all the dealings with the Academy are done on a fair and equitable basis.
- Transparency and Non-Discrimination, in all purchasing activity the Trust must ensure that all contractors, suppliers and service providers are treated equally and without discrimination and must act in a transparent and proportionate manner. Procurement procedures must not be undertaken in a manner which artificially narrows competition, favours or disadvantages any contractor, supplier or service provider.

## 3. What is Procurement

3.1 Procurement is a process whereby goods, services and works are acquired. The procurement process spans a life cycle from identification of need and resources, through selection of suppliers, purchasing, contract management and disposal. Purchasing is the transactional process of buying the goods/services and is just one part of procurement.

## 4. Value for money/Aggregation

4.1 Value for money is the optimum combination of whole life cost and quality (or fitness for purpose) to meet the user's requirement. This is rarely possible with the lowest price alone.

4.2 Purchases over £5,000 must be approved by the Trust CEO and in these cases early involvement is recommended to ensure expectations are clear and timelines are achievable.

4.3 All Academy purchases in excess of £5,000 (excluding VAT) will require pre-approval from the CEO (to confirm the correct process) and the Central Finance Team (to confirm budget) before an order can be raised.

4.4 Unless below the threshold for obtaining multiple quotations or Tenders (refer to RoFR) all procurement of goods, works, services or consultancy should be acquired by effective competition, including adequate publication of the contract opportunity, unless there are convincing and justifiable reasons to the contrary. Competition promotes efficiency and effectiveness in expenditure. Awarding contracts based on value for money following competition contributes to the competitiveness of supplies.

4.5 The Trust has a duty to comply with the requirements of EU Procurement legislation and Academy Funding Agreements, in order to do so the Central Team will review all proposed purchases over £5,000 in the context of total Trust expenditure to come to a decision whether the potential requirement to

aggregate is complementary or contrary to the requirement to show Value for Money.

- 4.6 In support of 5.5 above, the Central Finance Team will review Academy procurement plans and where appropriate will consult with Academies on the potential to develop a range of Trust wide or regional contracts in order to comply with the requirements around aggregation and VFM.

## 5. Financial Authority to Commit Expenditure

- 5.1 Any process which involves committing the Trust or an Academy to expenditure must be approved in accordance with the scheme of delegation and RoFR. These documents confirm who has the authority and to what financial level.
- 5.2 Any member of staff placing a purchase order on behalf of the Trust or an Academy must be sure that they have the correct level of authority to do so in accordance with the scheme of delegation and RoFR and where required must obtain approval from a more senior member of staff with a higher approval limit if necessary.
- 5.3 The Trust operates a system of devolved financial authority under which Headteachers are responsible for the decision-making process and planning of purchasing decisions. In accordance with this Procurement policy for lower value purchases the SCC Procurement Team may provide technical and professional support if requested, however where the value of purchases exceed £40,000 the SCC Procurement Team will manage the process on behalf of an Academy. In these cases, an Academy is still responsible for specifying requirements, evaluation criteria and committing funding.
- 5.4 No member of staff may approve purchases unless they have been given authority within the scheme of delegation to do so.
- 5.5 No employee is authorised to commit the Trust or an Academy to expenditure without first ensuring that there is adequate budget provision.
- 5.6 Schemes of work should not be artificially broken down into smaller orders to phase the issue of purchase orders and thereby circumvent either authorisation levels or the requirement to obtain further quotes/tenders.

## 6. Purchasing Thresholds

- 6.1 There are two types of threshold governing the procurement for the Trust and Academies. Firstly, authority to commit expenditure, which is covered in the scheme of delegation and secondly the procurement process which is governed by the anticipated lifecycle cost of the procurement.
- 6.2 The various transactional thresholds and procurement process required is outlined below:
- Below £5,000 – price comparison should be obtained and records kept providing best value.
  - £5,000 -£40,000 – obtain three written quotations from suitable suppliers/contractors
  - Any expenditure over £40,000 full competitive tendering arrangements must be applied.
  - Over £164,176 EU compliant tender procedure or use of EU compliant framework
- 6.3 Where the SCC Procurement Team are managing a procurement process on behalf of an Academy, orders will not be raised without approval from the budget holder in accordance with the scheme of delegation.

- 6.4 Occasionally there may be a recommendation to award a contract to or place an order with an organisation which has not submitted the lowest priced bid. If this is the case because the scheme has been evaluated using the Most Economically Advantageous method (MEAT) then this is acceptable without further action, provided that the evaluation scores are recorded and retained on file. However, if this is for any other reason approval must be sought before confirming award or raising an order in accordance with the scheme of delegation.

## 7. Dispensations

- 7.1 In limited circumstances a dispensation from the requirement to obtain alternative quotes may be granted. This may include authority to solicit a single quotation, to award a contract or place an order without having obtained the requisite number of tenders or quotations or to directly award a contract.
- 7.2 All dispensations require prior approval from the CFO / Trust Business Manager before progressing and must not result in a breach of procurement legislation or be contrary to the Trust Scheme of Delegation.
- 7.3 Full details of the circumstances and reasons where a dispensation may be granted are included below.
- 7.4 All dispensation requests, whether approved or rejected will be reported to the Finance, Resources & Audit committee. Staff may be called upon to attend the committee to explain the reasons for requesting a dispensation.
- 7.5 Dispensations from the requirement for competitive quotations / tenders must not be used to avoid competition, or for administrative convenience, or to award fresh / further work to a supplier originally appointed through a competitive procedure.
- 7.6 All dispensations will be subject to obtaining and documenting appropriate evidence for single quotation / tender action, obtaining authorisation for such action in accordance with the approved Scheme of Delegation and never breaching current Public Contract Regulations or the relevant OJEU thresholds.
- 7.7 Subject to approval as outlined in the Trust scheme of delegation, dispensations may be granted for the following reasons:
- Unforeseen emergency requirement
  - The goods or services are only available from one source and there is no possibility of the Trust's requirements being met in any other way
  - An extension is required to a current contract in order to allow sufficient time to complete a competitive tendering exercise (but failure to have planned the re-procurement would not be justification for a single tender)
  - Where the seeking of tenders and subsequent contract award could cause significant operational difficulties and where any potential savings would be outweighed by those operational issues (which along with a VFM analysis must be documented) and only for use in circumstances to be approved in accordance with the scheme of delegation, under the specific advice of the CFO / Trust Business Manager in terms of compliance with the EU and UK legislation and subject to approval by the Chief Executive and subsequently reported to the Finance Resources & Audit Committee.
- 7.8 The Central Finance Team may develop a schedule of dispensations for specific areas which Academy staff may use under certain circumstances; further information will be included in Procurement Procedure Guides

7.9 A record of the reason(s) for the seeking and granting/declining of dispensations will be kept for at least three years.

## 8. Ordering

8.1 Official orders must be raised for all goods, works, services and/or consultancy required by the Trust or and Academy using the PS Financials system, unless specifically exempted using the following process: -

- An official order form must be sent to the budget holder for authorising.
- Budget holders must send the order form to the Finance office. Orders will only be processed if there is adequate budget provision for the department.
- The order will be electronically countersigned by Business Mangers/Headteachers as per the ROFR limits.
- The Countersigned orders are recorded in the commitment report, allocated an official purchase order number and dispatched to the supplier by the Finance Office.

8.2 Specific exemptions to the requirement to raise an official purchase order are limited to:

- Rent or business rates
- Utility costs
- Works and services executed under a contract (for example photocopiers)
- Staff expenses
- Purchasing card transactions

8.3 Details outlining the number of non-order invoices paid on the PS Financials system will be reported to the Finance Resources & Audit Committee and Academy Business Managers/Headteachers may be required to attend in order to explain any non-compliance.

8.4 In accordance with the Academy's Pecuniary Interest Policies before raising any order checks must be carried out against the Pecuniary register to ensure that no one has declared a conflict of interest in relation to the purchase or the supplier/service provider has been involved in the selection process.

8.5 No orders shall be placed, or contracts altered or extended, with the intention of avoiding the relevant thresholds applicable within the ROFR. In the event that the terms of any purchase order or contract have to be amended, an official variation order must be approved in accordance with the Scheme of Delegation and issued by the Central Finance Team

## 9. Delivery and invoice processing

9.1 The School Business Manager must make appropriate arrangements for the delivery of goods to the Academy. On receipt, the Finance Office / authorised officer must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. All checked goods are then passed to the budget holder – large deliveries may be initially checked by the site team, any discrepancies reported to the Finance Officer immediately

- 9.2 If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality the Finance Officer will record this.
- 9.3 All invoices should be sent to the Finance Officer. All invoices must be checked against the GRN and reconciled to the original order. The invoice will be recorded by the Finance Officer on PS Financials.
- 9.4 The Finance Officer will check the following:-
- Goods received
  - Goods ordered
  - Prices correct
  - Invoice arithmetically correct
  - Invoice posted to purchase ledger
  - Invoice authorised for payment as per ROFR
- 9.5 If a budget holder is pursuing a query with a supplier, the Finance Office must be informed of the query and kept up to date with progress on a weekly basis.
- 9.6 The lead Finance Officer/School Business Manager will input details of payments to be made to the purchase ledger and generate the BACs payment or cheques required. The BACS payment or cheques must be signed by two of the nominated bank signatories.
- 9.7 Non-order purchases must have prior approval of the lead finance officer/SBM. (refer to note 8.1 & 8.2 above).

## 10. Delivery and invoice processing

- 10.1 The Trust recognises the benefits of purchasing cards as an alternative means of paying for goods and services. The advantages include reduced paperwork, reduced administration time and costs, opportunity to make on line purchases and seek discounts from suppliers on the basis that they receive immediate payment.
- 10.2 Purchasing cards are particularly suitable for high volume, low value purchases, booking off site visits and for site staff to order building materials etc.
- 10.3 Full details governing the distribution and use of purchasing cards is subject to the Purchasing Card Policy and associated procedures.

## 11. Supplier Management

- 11.1 Purchase Orders, Contracts and payments should only be raised/made to suppliers which have been added to the PS Financials system and authorised by the SBM.
- 11.2 All staff who may raise purchase orders for work should satisfy themselves that where required, contractors have appropriate DBS/CRB clearance before raising an order for work. The Trust has guidance for the safeguarding of pupils whilst contractors are on site which must be followed.

## 12. Contract Agreement/Terms and Conditions

- 12.1 Any agreement, contract or lease with a supplier which requires a signature by a member of Trust or Academy staff (not including general orders for goods and services) should be forwarded to the CFO / Trust Business Manager for review prior to signature.
- 12.2 A signature on an agreement or contract, or even an email response indicates that the Trust or Academy accepts the suppliers Terms and Conditions which may not be favourable.

- 12.3 Following the identification of the most favourable offer for the Trust and its Academies, whether by best value, quotation or tender, consistent with the thresholds identified above, contracts may only be awarded by those officers to whom the Trust Board has delegated such authority within the approved Scheme of Delegation. The required authority to accept other than the lowest quotation or tender is also included within the Scheme of Delegation.

### 13. Payment and Payment Terms

- 13.1 Unless a Purchasing card has been used to make a payment, all invoices from suppliers should be entered on to the PS Financials system and then paid either by BACS, pre-printed cheque or manual cheque.
- 13.2 The Trust's standard payment terms are 30 days following receipt of a correct invoice, unless alternative arrangements have been agreed at purchase order stage.
- 13.3 Payment should only be made on receipt of goods. Where services are being procured then payment for work in progress or agreed interim stages may be appropriate in accordance with the approved guidance and subject to sign off from the CEO.

### 14. Aggregation

- 14.1 EU legislation sets out how and when multiple orders and contract values for the same type of work should be added together for the purposes of deciding what procurement process is applicable.
- 14.2 As academies manage their own budgets and purchasing decisions independently, seeking advice and support of the SCC Procurement Team to procure goods and service on their behalf where necessary and appropriate, Academy expenditure in this instance does not aggregate across the Trust.
- 14.3 Should an Academy or the Trust identify that specific expenditure is reaching or has exceeded the current EU threshold then action should be taken to re-procure the goods/services in a compliant manner as a matter of urgency. The central finance team will review ½ termly reports from the PS financials system to ensure that this is the case.
- 14.4 In appropriate circumstances the SCC Procurement team may identify opportunities to establish regional or corporate contracts on behalf of Academies. Academies will be invited to participate, however in such cases the central finance team will work on the basis that this expenditure does aggregate and procure accordingly.

### 15. Tenders

- 15.1 Any expenditure over £40,000 must be subject to tendering in accordance with Trust Financial Regulations and UK Public Contracts regulations 2015 and if the anticipated value is over the current threshold then also in accordance with EU procurement legislation.
- 15.2 All tendering where the anticipated lifecycle costs are in excess of £40,000 must be undertaken by the SCC Procurement team.
- 15.3 The procurement team will select and manage the most appropriate procurement process in accordance with the anticipated value, any potential aggregation and Trust tendering guidelines which are compliant with current procurement legislation. This may include the use of Frameworks, Dynamic purchasing systems, or bespoke tenders.

- 15.4 Tendering procedures may take up to six (6) months depending on lifecycle cost and compliance with legislation, failure to programme sufficient time for procurement will not be a reason to grant a dispensation.
- 15.5 All current and future tenders are advertised using the Trust website or alternative more appropriate means if necessary or legally required. SCC Procurement team are appointed to carry out tenders for Goods, Services and Works on behalf of the Trust and academies.
- 15.6 Any post tender bid clarification with suppliers will be led by the SCC Procurement team.
- 15.7 Any communication with the suppliers involved in the tender process will be facilitated by the SCC Procurement team.

## 16. Standards of Business Conduct

- 16.1 In limited circumstances, with the approval of the Chief Executive, the CFO may directly award certain contracts without the need to conduct a competitive process, provided that all such instances are compliant with EU and UK procurement legislation and the circumstances are subsequently reported to the Finance, Resources & Audit committee or Trust Board (depending on value) with a record of the justification for the direct award being retained for three (3) years.

## 17. Reporting Requirements

- 17.1 For contracts between £40,000 and £150,000 (excluding VAT) the decision and criteria should be reported to the Finance Resources & Audit Committee.
- 17.2 For all contracts in excess of £150,000 (excluding VAT) a report shall be prepared for the Trust Board, highlighting the relevant issues and recommending a decision.
- 17.3 All contracts whose value is over £150,000 (excluding VAT) must be authorised by the Trust Board. In cases where, due to the timing of the Board meetings, this would not be practicable and any undue delay would cause significant operational issues, the Chief Executive acting jointly with the Chair or Vice Chair of the Trust Board may accept a tender in excess of £150,000 but this must be reported to the next meeting of the Trust Board.

## 18. Written records relating to Procurement

- 18.1 Where verbal advice has been given by Procurement Service advisers, the academy staff will request confirmation in writing. Where this has not been possible the academy staff must promptly make a written record of the advice for future reference. These records will be updated by the SBM for all resulting actions taken in response to the advice.
- 18.2 A file of all active contracts will be maintained by the SBM and reviewed by the Governing Body on an annual basis.
- 18.3 Full audit trails will be maintained for all procurement activities; financial records are to be complete, correct and unambiguous. This includes the SBM maintaining records relating to quotations and management decisions; these records will be available for inspection by the Governing Body/Finance Resources & Audit committee upon request.
- 18.4 The central finance team will maintain a contracts register detailing all procurement activity undertaken, with a value over £25,000, which records all

related documentation, details of the winning bidder, price, duration of contract and the procurement process followed.

## 19. Acceptance of Gifts or Hospitality

- 19.1 The Trust policy is not to accept any form of gift or hospitality from suppliers; full details are included in the Anti-bribery and corruption policy.

## 20. Leases

- 20.1 Academies should not enter into any finance lease as this would be contravention of the requirements of the Academies Financial Handbook.
- 20.2 Academies may enter into operating leases; however, this is subject to the approval of the CFO/ Trust Business Manager.

## 21. Separation of Duties

- 21.1 There are a number of processes in purchasing goods and services etc. There must be adequate separation of duties to ensure that the process of ordering goods, services and works, checking receipt/completion and authorising payment is not the responsibility of one person. In some smaller academies, this may be difficult; however in all cases the appropriate guidance must be followed.
- 21.2 Where the SCC procurement team undertake tendering exercises, either on behalf of an Academy or for the Trust, the receipt and custody of tenders prior to opening must be separated from the specification, selection and evaluation. Contract awards subject to tendering will be subject to approval of the procurement procedure undertaken and in accordance with the scheme of delegation.

## 22. Monitoring and Audit

- 22.1 The Trust and academies are subject to scrutiny by internal and external auditors as well as the EFA and other government departments/organisations. It is the responsibility of everyone involved in the purchasing process to ensure that they are compliant with current policies, procedures, guidance and legislation.