

Procurement and Tendering Policy

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Elliot Foundation Academies Trust Values

1. Put children first

- a. We trust and value your professionalism
- b. We share the responsibility for the learning and welfare of all of our children
- c. Our purpose is to improve the lives of children

2. Be safe

- a. Don't assume that someone else will do it
- b. Look after yourself, your colleagues and all children
- c. We are all responsible for each other's safety and well being
- d. Discuss any concerns with an appropriate member of staff

3. Be kind & respect all

- a. People are allowed to be different as are you
- b. Kindness creates the positive environment we all need to flourish
- c. This kindness should extend to ourselves as well as to others

4. Be open

- a. If you can see a better way, suggest it
- b. If someone else suggests a better way to you, consider it
- c. We exist to nurture innovators and support those who take informed risks in the interests of children

5. Forgive

- a. We all make mistakes
- b. Admit them, learn from them and move on

6. Make a difference

- a. Making the world a better place starts with you
Model the behaviour that you would like to see from others

Related policies and documents

- Expenses Policy
- Gifts and Hospitality Policy
- Conflicts of Interest Policy
- Anti Fraud and Corruption Policy
- Procurement Guidance and Contract Register

Definitions

- Where the word 'Trust' is used in this document it refers to The Elliot Foundation Academies Trust.
- Where the term 'Finance Committee' is used in this document it refers to the Finance sub-committee of The Elliot Foundation Academies Trust board

1. Policy statement and objectives

- 1.1. As the custodian of public funds, the Trust is required to achieve the best value for money from all purchases at all times. This means purchases need to be in the correct quality, quantity and completed within the appropriate timeframe and at the best price possible.
- 1.2. The objective of this policy is to ensure that all staff who make procurement decisions achieve value for money and can demonstrate that they have done so.

2. Principles

- 2.1. This policy applies to all Trust staff who may make purchasing decisions, including head office staff. Where referring to Principals, this equates to the Chief Executive when applied to head office purchasing (except thresholds).
- 2.2. Purchases should follow the general principles of:
 - Probity - it must be clear that there is no private gain in the academy's contractual relationships;
 - Accountability - the academy is accountable for its expenditure and the conduct of its affairs;
 - Fairness - that all those dealt with by the academy are dealt with on a fair and equitable basis.
- 2.3. Expenditure should only be incurred if it is for the benefit of the pupils and in line with Parliamentary intention (known as regularity)
- 2.4. The Trust/academy is publicly accountable for its expenditure and the conduct of its affairs and as well as the specific requirements relating to disclosure of financial information relating to the academy. Principals and all staff need to be mindful that, with few exceptions, the Trust will be required to provide information in response to requests made under the Freedom of Information Act.

3. Routine Purchasing

- 3.1. Budget holders should be informed of their budgets before the start of the academic year. It is their responsibility to manage the budget and to ensure that the funds available are not overspent. A report detailing actual expenditure (including commitments) against the budget will be supplied to

each budget holder by the Finance team no more than two weeks after the end of each month.

- 3.2. A quote or price must always be obtained before any order is placed. The academy or Trust may create approved supplier lists for some types of outgoing. If a relevant approved supplier list exists, budget holders must obtain the finance lead's agreement to purchases from alternative suppliers.
- 3.3. All purchase order requests from budget holders must be made in line with the Trust's scheme of delegation. Where a new supplier is to be used, a new supplier form should be completed and passed to head office finance to put on the finance system. This minimises the risk of duplication across the shared purchase ledger.
- 3.4. Once authorised budget holders can 'dispatch' orders to suppliers who have email addresses on the system. If not orders can be placed by either the budget holder or finance as agreed between the parties.
- 3.5. The budget holder must make appropriate arrangements for the delivery of goods to the academy. On receipt the budget holder (or delegated individual) 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. Discrepancies should be discussed with the supplier of the goods without delay. Any issues should also be copied to finance to avoid paying for goods still in dispute.
- 3.6. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office should be notified. The finance team will keep a central record of all goods returned to suppliers.
- 3.7. All invoices should be sent to the Finance Office. All orders need to be authorised by the relevant individual before payment procedures are initiated. Orders are authorised in line with the Trust's scheme of delegation.
- 3.8. If a budget holder is pursuing a query with a supplier the Finance Office must be informed of the query and periodically kept up to date with progress.
- 3.9. Each week the finance team will produce a list of outstanding invoices from the purchase ledger and this list together with supporting documentation will be reviewed by the finance lead. The finance lead will authorise those invoices which should be paid.
- 3.10. The finance team will then input the details of payments to be made to the purchase ledger and generate the payments.

4. Procurement Thresholds

- 4.1. At all levels and in all cases, it is the responsibility of the ultimate budget holder to manage the budget and to control all expenses under their responsibility.
- 4.2. The value of the order for goods and services in total excluding VAT will determine the procurement process that is required to be followed. The following are the current thresholds in place:
- 4.3. **Routine Purchasing of up to £3,000 (exc. VAT)**
 - A quote or price must always be obtained before all orders for goods and services placed. All personnel should ensure that best value is achieved, and can be demonstrated.
 - The School Business Manager/Finance Manager can authorise orders of £3,000 or less once the budget holder has confirmed agreement to proceed with the order.
- 4.4. **Orders over £3,000 (exc. VAT) and up to £10,000 (exc. VAT)**
 - Where practicable three written quotations should be obtained for all orders over £3,000 and up to £10,000 to identify the best source of the goods/services.
 - For audit purposes, there should be supporting documentation retained which details:
 - Why a supplier has been selected
 - Prices for the goods/services
 - How the decision to go with a supplier has been reached
 - Telephone quotes are acceptable. Confirmation of these quotes should be e-mailed before a purchase decision is made. Where possible the academy should upload quotes and supporting documents using Google Forms for audit purposes. In any event evidence of three quotes should be retained by the school for audit purposes.
 - In some cases, for orders of this value, it may not be feasible or possible to obtain three quotations for specific goods or services – e.g. due to the lack of available suppliers or the requirement to request a specific supplier. In these cases, the written approval of the Finance Director should be obtained and the reason for not providing three quotations documented. This approval should be included in the supporting documentation.
 - The Principal can authorise orders up to a limit of £10,000.

4.5. **Orders over £10,000 (exc. VAT) and up to £25,000 (exc. VAT)**

- Except in exceptional cases, a minimum of three written quotations should be obtained for all orders over £10,000 and up to £25,000 to identify the best source of the goods/services. This requirement can only be avoided in exceptional circumstances and with documented support from the Finance Director. The quotes should be uploaded using the Google Form.
- For audit purposes, there should be supporting documentation retained which details
 - Why a supplier has been selected
 - Prices for the goods/services
 - How the decision to engage a supplier has been reached
 - Evidence of three quotes
- Telephone quotes are acceptable. Confirmation of these quotes should be e-mailed before a purchase decision is made
- Where it is not possible to obtain three quotations for specific goods or services, the reasons and the written approval of the Finance Director should be obtained and included in the supporting documentation.
- The Operations Group (represented by the Finance Director) can authorise orders up to a limit of £25,000.

4.6. **Orders over £25,000 and below the Find a Tender threshold (exc. VAT)**

- All goods/services ordered with a value over £25,000 must be subject to formal tendering procedures.
- Ordering goods or services to a value which will exceed £25,000 must be discussed with the Finance Director prior to any communication with suppliers. This is to ensure correct procedures are followed from the outset.
- All tenders for orders for goods and services more than £25,000 will be managed under the supervision of the Finance Director and monitored by the Finance Committee.
- The Operations Group can authorise orders for goods and services up to £50,000, orders of more than £50,000 require authorisation of the TEFAT Finance Committee.

4.7. **Transactions over the qualifying value for using Find a Tender**

- Transactions more than the current threshold for Find a Tender (which replaced OJEU) need to be authorised by the Board of Trustees. These will be managed by the Director of Finance/Programme Director and monitored by the Finance Committee.

4.8. **Exceptions**

The exceptions to this rule are where the market testing has already been done. This applies when using the Trust's previously tendered suppliers, such as in the areas of ICT hardware and support services, payroll and HR services, building programme procurement and project management, legal services, utilities and audit services. It also applies when using national frameworks such as Crown Commercial Services.

All leases should be sent to the Trust Finance Director for approval prior to signing. This is due to the DfE rules regarding the use of leases.

5. **IRIS Financials Procurement Process**

- 5.1. Except for specific cases all goods and services ordered should be processed using IRIS Financials purchase ordering via the online portal.
- 5.2. The use of purchase orders is to ensure that due consideration is given to a purchasing decision before a commitment is made. Therefore the only times when a purchase order is not required is when a decision does not need to be made.
- 5.3. Examples of goods and services which are not required to raise purchase orders include:
 - Utility costs
 - Business rates
 - Telephone costs
 - Catering contract costs
 - Lease costs
 - Photocopying copy charges
 - Travel and out of pocket expenses
 - Purchases made on the Academy Credit Card, on goods or services where an invoice would not be expected
 - Purchases made using Academy Petty Cash
 - Repeat payments under a previously approved contract
 - Emergency call outs (ie site issues)
 - Expenditure which is substantially covered by third party payments (ie school trips)

- 5.4. Irrespective of the need for a purchase order, value for money should always be considered in all expenditure. For example, although residential trips may not require competing quotes as they are largely paid for by parents and guardians, the school should still ensure that the trip provider remains the best option for both the school and value for money for parents and guardians.
- 5.5. There will be other examples of areas that it may not be appropriate to follow the purchase order route, and these should be agreed with head office in advance as they arise.
- 5.6. Orders must not be placed until the purchase order is formally approved. In the small number of instances where speed of decision may impact on teaching and learning however, such as the need to get in agency teaching staff when a teacher phones in sick, it is acceptable to place the order before a purchase order is formally approved. The purchase order however should still be input. The academy must also have its own procedures to ensure that agency costs are not incurred except where necessary.
- 5.7. Only in exceptional circumstances and authorised by the principal or Head Office Finance should the ordering of other goods and services be allowed outside of the IRIS financials procurement module.

6. Setting up Suppliers on IRIS Financials

- 6.1. Only approved reputable suppliers of goods and services should be engaged by Trust academies and Head Office. All suppliers of goods and services that are procured by the Trust at Academy or Head Office level should be set up as an approved supplier on the IRIS Financials procurement module. The process to set up a supplier should involve the supplier completing a form giving all their relevant details:
 - Full name;
 - Full office address (supplying office);
 - Full registered office address;
 - Company registration number;
 - Unique Tax Reference (for individual persons supplying services);
 - VAT number;
 - Supplier terms;
 - Contact name;
 - Contact email;
 - Contact phone number;
 - Full bank details.

- 6.2. The completed form should be submitted to the School Business Manager who will check the form for completeness and where appropriate check a company / individual screening service and Companies House register to ensure that the supplier is not on any credit watch or banned company listings. The Principal will sign the form before the SBM/Finance Manager forwards it to the head office finance team to set up the supplier in IRIS Financials as an approved supplier.

7. Purchase Orders on IRIS Financials

- 7.1. Except in cases noted above all other goods and Services ordered should be processed using IRIS Financials purchase ordering via the Portal. The process is as follows:
- Before any commitment is made to purchase any goods/services a Purchase Order needs to be completed in full;
 - E-Procurement within IRIS Purchasing allows IRIS to partner with certain suppliers such as Amazon, ESPO, Findel etc and provides a direct link with a supplier's online portal. Where orders are placed through E-Procurement, the system does not generate a requisition, instead a purchase order is generated and sent to the budget holder for authorisation;
 - The completed Purchase Order needs to be properly authorised, as by the approved scheme of delegation. (The authoriser must have sufficient authority and ensure there is sufficient budget to cover the cost);
 - The Purchase Order is to be checked for accuracy and approved by the Principal/Deputy, Principal/Head Teacher, Schools Business Manager, Head Office Directors in line with their level of authority in the Scheme of Delegation, except where 7.2 applies;
 - The order for goods/services can be placed;
 - When the goods are received or services have been completed as per the purchase/work order they are checked for any discrepancies or shortfalls and the goods received note is signed. The details received are entered on to the system and matched with the order. Any discrepancies noted at this stage should be communicated promptly to the supplier;
 - If any goods are rejected or returned to the supplier or services supplied are unsatisfactory or because they are not as ordered or are

of sub-standard quality the Purchase Order inputter will record this on the Purchase Ordering system;

- When the purchase invoice for the goods is received the totals should be checked against the order and once again any errors or discrepancies followed up with the supplier;
- When invoices are received for the supply of services the invoice is passed to the approver of the original purchase order to authorise that the services have been supplied/completed or an agreed contract milestone has been reached. The details from the approved invoice are entered on the PO system and matched to the order as complete or appropriately partly completed to a pre agreed milestone;
- The Schools Business Manager/ Finance Manager should ensure that only live orders are on the system and to this end an ordering report should be run off the system at least monthly;
- Any cancelled orders or obsolete purchase orders still on the system for which no invoice has been received or is expected should be removed from the system.

7.2. In any situation where the IRIS authorisation process is not followed, academies will need to be able to demonstrate appropriate authorisation by having the budget holder sign the invoice, or retention of email authorisation by the budget holder (or Principal).

8. Payment Process

- 8.1. All schools and head office should schedule a weekly payment run each Thursday, to be paid by head office on Friday.
- 8.2. All invoices should be sent to the academy/Head Office finance department. The Invoice will then be date stamped, passed to the correct payment area, coded and approved at the correct level and then entered in the purchase ledger of the IRIS Financials system.
- 8.3. The Purchase Order inputter will check the invoice using the information already on IRIS for the following:
 - invoice arithmetically correct?
 - goods/ services received?
 - goods/services as ordered?
 - prices correct?
 - Any queries with suppliers must be updated on IRIS Financials.

- 8.4. Correct payment terms are entered on to the supplier records on IRIS during the setting up of new suppliers so that invoices are not paid long before they are due. Likewise suppliers should not be inconvenienced by delays beyond payment terms. If cashflow is an issue then a cash advance can be arranged from head office. This is especially important for shared suppliers, such as Amazon Business, to avoid having other academies 'cut off'.
- 8.5. Once the approved invoice details have been entered onto IRIS, the invoice will be processed for payment in the next appropriate payment run.
- 8.6. Payment will be made through the established Trust payment process via Lloyds Commercial Banking Online, paying from the central TEFAT bank account.
- 8.7. Payment will only be made by head office on receipt of a payment run signed by the Principal (or with email authorisation from the Principal).
- 8.8. Remittance advices have to be generated manually from IRIS following the release of the payment run on Lloyds. These are then emailed to the supplier through IRIS.
- 8.9. Any supplier statements received should be checked and agreed with the supplier account on IRIS Financials. Missing invoices or other discrepancies should be followed up with the supplier.

9. Direct Debits

- 9.1. The payment for some goods and services (particularly utilities) which are made on a regular basis are more conveniently settled by setting up a Direct Debit payment from the Lloyds bank account. In many cases a lower charge can be obtained when payment is by direct debit.
- 9.2. The process to set up a Direct Debit mandate as the means of payment should follow the procurement process and should be approved as defined by the financial scheme of delegation. For approval purposes the value of the direct debit is the annualised value of the agreed direct debit value (monthly, quarterly or annually). The supplier must be set up as an approved supplier on IRIS Financials before the Direct Debit mandate can be approved.
- 9.3. The annual value of the Direct Debit should be set up as a commitment, in the IRIS procurement module, when the amount to be charged is agreed with the service provider. The supporting documentation should be signed and retained.

- 9.4. Each month/quarter when the direct debit is due to be paid an invoice (original documentation) to support the payment should be retained and booked in IRIS Financials as a payment to be made. The payment should be posted from the bank account and booked to the Purchase ledger to reduce the commitment. Finally, the supplier account is cleared and the payment booked to the expense account.
- 9.5. At the end of the Direct Debit period the commitment should be adjusted to reflect the total charges incurred for the period and cleared from the system. A new commitment should be set up in IRIS Financials for the next period's direct debit.

10. Credit and Debit Cards

- 10.1. To aid purchases where the best deals do not allow for purchase on invoices (i.e. internet purchases) each academy will be provided with a corporate card in the name of the Principal.
- 10.2. Corporate cards should be kept by the finance lead and used sparingly. A full reconciliation should be carried out on receipt of the monthly statement, which can be accessed online. The same level of proof of purchase is required as with other payments, so receipts and print outs of online purchases should be kept and attached to the statement. VAT should be reclaimed where appropriate.
- 10.3. For all expenditure incurred, but especially where cards are used to cover expenses then it is imperative that these are given the same level of scrutiny and challenge as expenditure incurred and invoiced, including approval in advance by the budget holder (usually the Principal).
- 10.4. Personal costs unrelated to Trust or academy business should never be put on an academy corporate card. Where this happens it may be dealt with under the Disciplinary policy.
- 10.5. The default card limit is set at £3,000. Should this prove insufficient then a temporary increase can be implemented by the Finance Director. Requests for a permanent increase will require further justification.
- 10.6. Although the card is in the name of the Principal the card should be held by finance staff, who place orders using the card, to ensure segregation of duties. The monthly statement should be signed by the Principal, or by head office finance staff if the card is held and used by the Principal.

- 10.7. In exceptional circumstances the card can be taken off the premises and used by other staff (ie when needed as proof of purchase when collecting tickets etc). This should be limited and approved by the Principal in advance.