



Keystone Academy Trust

**Finance and Assets
Committee
Purchasing –
Financial
Procedure**

Statement of Intent

Keystone Academy Trust will attempt to achieve the best value for money on all purchases. This involves ensuring that purchases are made that achieve the academy's objectives, are of the correct quality, quantity and timing, and at the best price possible. NB – The cheapest option may not be the best option.

The large majority of purchases will be paid for with public funds and so there is an essential requirement to ensure the best use 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 publically accountable for its expenditure and the conduct of its affairs;
- Fairness – all those dealt with by the academy are dealt with on a fair and equitable basis.

Please note that all values are net of VAT.

1. Routine Purchasing

Any employees with budgetary responsibility will be informed of their budget before the start of the academic year. It is the responsibility of the Head Teacher to discuss the budget with the budget holder. The budget holder is responsible for ensuring that the budget is managed and that funds available are not overspend or spent inappropriately or unnecessarily. The Head and CFO will support with this. Budget holders must to keep their own records of orders to keep track of expenditure and how the spend ties into any education plans.

Purchases can be made by any staff member but must be authorised by the relevant signing authority in each Academy. Any purchases not within the budget need to be discussed with the Head Teacher/Head of School and/or the Chief Financial Officer before being purchased. The Finance Team should be contacted with regard to suppliers used by the academy before any purchases are made to ensure that the best price is obtained. If the budget holder/purchaser considers that better value for money can be obtained from a supplier not previously used then this must be agreed the Central Finance Team or Purchasing Administrator in the school. **A quote or price must always be obtained before any order is placed and any purchases must be pre-authorised using a purchase order before being made.**

All orders must be made, or confirmed, by using a Purchase Order Form. Order forms must bear the name of the person requesting the purchase, the budget to which it applies, and authorised by the relevant signatory within the school. It must include full details of the supplier and the price.

It is up to the purchasing administrator or Central Finance Team to input the purchase order onto the finance system. Any unapproved POs will be sent back to the originator to obtain the appropriate signature. Each finance department should have knowledge of the signatures of those with budgetary signing authorities for their school.

On-going contracts should refer to the Payment Authorising Policy for guidance on signing limits.

An allocated staff member is responsible for inputting purchase orders onto the finance system. The purchase can only take place with a signed purchase order and once the purchase order has been authorised within the finance system. The Chief Financial Officer will electronically authorise any purchase orders in the finance system provided appropriately signed purchase orders are in place.

Once authorised within the finance system the PO originator is responsible for organising the purchase unless told otherwise. The PO must be filed such that items can be checked against it when delivered and queries on the delivery immediately flagged for investigation. The purchase order must be signed and dated and attached to the delivery order/goods received note.

The Front Desk/Office Staff should notify staff that their delivery has arrived and the purchaser must make appropriate arrangements for the storage or distribution of goods in a timely manner.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality then the Central Finance Team must be informed to ensure that the invoice is not paid until resolved. The Central Finance Team will keep a record of goods returned to the suppliers to ensure that credit notes are received or payments not made as appropriate.

All invoices should be sent to the Central Finance Team. The invoice must match the purchase order and goods received before processing on the finance system.

Each month (or as appropriate) the Central Finance Team will produce a payment run for the Head Teacher/Head of School to approve. Supporting documentation can be provided with the request for authorisation so that any queries about invoices to be paid can be addressed. The Head Teacher can select which payments will be made from the complete list.

Payment will then be paid by the Central Finance Team directly from the main KAT bank account.

Purchases that are made on a MAT-wise basis will be sourced and administered by the Central Purchasing Administrator.

2. Orders of £5,000 or more but less than £20,000

At least three documented quotations should be requested and obtained for orders of £5,000 or more but less than £20,000 to identify the best source of the goods/services. Details of quotations received should be prepared and retained either by the Purchasing Administrator or Central Finance Department for audit purposes. Telephone and email quotations are acceptable if these are evidenced and confirmation of quotes are received before a purchase decision is made.

3. Orders of £20,000 or more

All goods/services ordered with a value of £20,000 or more, or for a series of contracts which in total exceed £20,000, must be subject to formal tendering procedures.

Purchases may fall under EU procurement rules which require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds are provided in the Academies Financial Handbook.

4. Preferred Suppliers

Purchases can be ordered by budget holders up to the limit of their budget and subject to the academy's purchasing policy. In the first instance a supplier should be chosen from the list of suppliers previously used successfully by the Academy. The Finance Office should be consulted on who these suppliers are. If the price and quality of the preferred supplier is deemed to be good value for money, then further quotes are not necessary. As a matter of good policy there should be, on occasions when a preferred supplier is chosen, further quotes sought to ensure that the preferred supplier is still offering value for money. This is to be determined by the Chief Financial Officer or Headteacher/Head of School at their discretion.

A quote or price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not previously used, then three suppliers should be approached including those already used.

5. Purchases from Related Parties

THERE ARE NOW VERY STRICT CRITERIA AROUND RELATED PARTY TRANSACTIONS. PLEASE REFER TO THE LATEST VERSION OF THE ACADEMIES FINANCIAL HANDBOOK FOR GUIDANCE.

If purchases are permitted from related parties (as per the Academies Financial Handbook) then the academy should provide full disclosure of the related party relationship and ensure that the purchase is clearly documented and the transaction occurs at arms-length and meets the requirements of the Academies Financial handbook. To help ensure the integrity of the academy, three quotes should always be obtained regardless of value where purchases involve related parties to ensure that if the related party quote is accepted then it reflects the best value for money. The related party should not be involved in the decision process.

6. Forms of Tenders

There are three forms of tender procedures: Open, restricted and negotiated. Tenders may be conducted by KAT or by an appointed, independent third party. The circumstances in which each tender should be used are described below.

Open Tender

This is where all potential suppliers are invited to tender. It will be agreed how best to advertise for suppliers e.g. general press, trade journals, existing frameworks, or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering as it is most conducive to competition and the propriety of public funds.

Restricted Tender

This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- There is a need to maintain a balance between the contract value and the administrative costs;
- A large number of suppliers would come forward or because the nature of the goods is such that only specific suppliers can be expected to supply the academy's requirements,
- The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Negotiated Tender

The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- The above methods have resulted in either no or unacceptable tenders;
- Only one or very few suppliers are available;
- Extreme urgency exists;
- Additional deliveries by the existing supplier are justified.

Preparation for Tender

Full consideration should be given to:

- Objective of project
- Overall requirements
- Technical skills required
- After sales service requirements
- Form of contract

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Invitation to Tender

If a restricted tender is to be used, then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender should include the following:

- Introduction/background to the project
- Scope and objectives of the project
- Technical requirements
- Implementation of the project
- Terms and conditions of the tender, and
- Form of the response

Aspects to Consider

Financial

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision. Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs (except by pre-agreement).
- Is there scope for negotiation?
- Consideration given to the use of credit reference agencies

Technical/Suitability

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality and conformity with standards
- Quality Control procedures
- Details of previous work performed and access to past customers for references
- Relevant insurance

Other Considerations

- Pre-sale demonstrations
- After sales service/guarantees
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts. This check can be performed by the Chief Financial Officer if appropriately qualified.

Tender Acceptance Procedures

The invitation to tender should state the date, terms, conditions, and time by which the completed tender document should be received by the academy. Tenders received after the submission deadline should not normally be accepted.

Tender Opening Procedures

All tenders submitted should be opened at the same time and the tender details should be recorded. At least two persons should be present at the opening of the tenders:

A document should be produced to record the names of the firms submitting tenders and the amount tendered.

Tendering Procedures

The evaluation process must involve at least two people. Those involved must disclose all interests, business or otherwise, that might impact on their objectivity. If there is any potential conflict of interest, then that person must withdraw from the tendering process.

Those involved in making the decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation a report should be prepared for the Finance & Assets Committee highlighting the relevant issues and the basis on what the decision was made. For contracts over £20,000 the recommended decision

and criteria should be reported to the Finance & Assets Committee for final decision. It is normal practice within the academy that any contracts that may have a significant material impact on the academy (regardless of whether they are over any appropriate thresholds) are discussed by the Finance & Assets Committee and approval gained before contracts are signed and work undertaken.

Where specific conditions are attached to grants from DfE, the department's approval must be obtained before the acceptance of the tender.

All parties should be informed of the decision of the tender.

The accepted tender should be the one that is economically the most advantageous to the academy with due consideration given to quality and deliverability.

Written: October 2021

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