



## Purchasing Policy

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In this document, the Academy refers to Alderbrook School, a company limited by guarantee with registration number 07687619.

This document must be read in conjunction with the Academy Financial Handbook; in particular Appendix 1 which lists the current incumbents of the statutory roles in an Academy and any delegated authorisations.

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## Introduction

- 1 The successful control of the ordering and purchasing within the Academy is a complex task. By effective implementation of this policy we aim to:
  - contribute towards the internal controls by which the Academy ensures that its finances are properly managed;
  - demonstrate that we actively strive towards obtaining and providing best value;
  - describe how we place orders and pay for goods and services.
- 2 The policies for ordering and purchasing are also governed by the principles of internal financial control described in the Academies Financial Handbook produced by the ESFA. There are various other guidance documents produced by the ESFA regarding Better Purchasing and Efficiency in Schools which can also be consulted for advice (see ESFA website for latest publications).

## Obtaining and Providing Best Value

- 3 The Academy must achieve Value for Money (VFM) on all purchases. This means obtaining goods and services at the correct quality, quantity and time at the best price possible. We aim to achieve best value by
  - comparing ourselves with other Academies and thoroughly monitoring expenditure and providing regular reports to the Governors' Business Management Committee.
  - challenging the Academy's ordering and purchasing practices and investigating why and how goods and services are being procured. We aim to be clear about our priorities in relation to the use of reserves, with curriculum led thinking and justification for actions.
  - consulting with external experts, senior members of staff and heads of departments.
  - where possible, looking for competition in securing the most economic and efficient resources, contracts and services for our pupils and parents / carers through quotations and tenders.
- 4 The Academy will always aim to follow 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 (please see the Academy's Pecuniary Interests Policy)
  - Accountability – the Academy is publicly accountable for its expenditure and the conduct of its affairs
  - Fairness – that all those who the Academy deal with are dealt with on a fair and equitable basis

## Obtaining the Best Price

- 5 Price should never be the sole factor in deciding what goods or services to order e.g. lower maintenance costs and a longer life span for a product can mean that money is saved in the medium to long term. To establish whether a price is competitive, we use one or more of a variety of strategies before committing any expenditure;
  - check trade journals, catalogues and magazines, the internet;
  - seek several quotations or formal tenders;
  - collate orders from several departments in order to procure discounts;

- ensure that offers of discounts are taken up if appropriate.

## Obtaining Quotations

- 6 A quotation is obtained when a supplier replies to a request for a price to supply specific goods or services. Telephone quotations are acceptable if these are evidenced and faxed or e-mailed confirmation of quotations has been received before a purchasing decision is made. Budget holders are responsible for the retention of all required documentation.
- 7 The Governing Body has established the following procedures for obtaining quotations:
  - a. **For orders up to £250**, no formal quotations are required but the person placing the order should be sure they have, as far as possible, obtained value for money. Budget holders can authorise purchases themselves up to this amount.
  - b. **For orders between £251 and £1,250**, the person placing the order should compare prices with 3 suppliers (i.e. by a verbal quotation or comparison of catalogues). Evidence of this comparison should be kept and ideally recorded on Corero at the requisition stage. The order will be authorised by the Budget holder, the Chief Financial Officer (up to £5,000) and the Headteacher (above £5,000).
  - c. **For orders between £1,251 and £60,000**, at least three separate quotations should be obtained, which must be in writing and must be retained and recorded on the form in Appendix I. These orders will be authorised by the Budget holder, the Chief Financial Officer, the Headteacher and the Chair of Governors. There may be cases where it is not possible or required to get three quotations and reasons for these exceptions need to be recorded on the form. For example, orders within an overall agreed contract (e.g. SMBC SLAs, energy, catering costs) for which the contracts will be reviewed every three years to assess continued Value For Money (VFM). There are other orders with suppliers who have been through a benchmarking exercise for whom individual orders do not need to have three quotations (e.g. premises maintenance suppliers). Again, these benchmarking exercises will be run every three years to ensure continued VFM. Other orders are also exempt if there is only one sole supplier or there is specialist provision e.g. supply costs and exam fees.
  - d. **For orders £60,001 and above**, the formal tender process (see paragraph 11 onwards below) should be followed and authorisation of the Governors' Finance Committee is required.
- 8 The retention period for financial records is six years from the end of the financial year in which the transaction occurred.
- 9 If for any reason it is not possible to follow the above procedures, this must be recorded and minuted in a Governors' Business Management Committee meeting, with associated reasons. For orders over £10,000, if the lowest quotation is not accepted this must be recorded and minuted in a Governors' Business Management Committee meeting, with associated reasons.
- 10 Governors may seek professional advice if appropriate to ensure that the correct form of contract is entered into.

## Tender Procedure

- 11 A tender is required when a supplier is contacted for a written price and/or terms to supply specific goods or services in response to the provision of a written, detailed description or specification of the goods or services required.
- 12 Where the estimated value of a purchase exceeds £60,000, the Governing Body has decided that the formal tender procedure should be followed in line with the recommendations of the Academies Financial Handbook.
- 13 See the separate Rules for Contracts policy for the procedure.

## Purchase Ordering Procedure

- 14 It has been necessary to draw up an ordering policy to ensure that everyone in the Academy follows the same procedure.
- 15 It is the responsibility of the budget holder to manage the budget and to ensure that funds available are not overspent.
- 16 All purchases, where possible, must be made via a requisition which, if approved, will result in a purchase order. Invoices will generally only be paid on quotation of a purchase order number.
- 17 An initial requisition should be raised on Corero to purchase the Academy's services and Budget managers/holders should use the Corero Web Requisition System for raising requisitions. Budget holder authorisation and control is built into the web system within the approval limits agreed by the Governing Body. Budget holders/managers should respond immediately to system e-mail notification of requisitions requiring approval. The current authorisation levels are in Appendix II and the workflow limits for Corero in Appendix III.
- 18 Once authorised, the Finance department will convert the requisition to an official order with an order number produced by the system and dispatch the order by e-mail or post to the supplier.
- 19 At this point, the amount of the order will automatically be entered onto the finance system as a commitment against the relevant budget.
- 20 Individuals must not use official orders to purchase goods and services for private use.
- 21 Telephone ordering, faxing or e-mailing of orders should be the exception and must only be done after an order has been raised on Corero, authorised by the Budget Holder and processed by the Finance department. Such orders should be marked "Confirmation Only" to avoid duplication.
- 22 Variations to the price of orders by more than 10% need further authorisation on Corero. The Budget Holder can authorise increases up to £200. Above this amount the Headteacher or a Deputy Headteacher must approve.
- 23 The procedures laid down in the VAT scheme for academies must be followed and any queries on VAT referred to HMRC by the Finance department.

## Receipt of Goods

- 24 On receipt of the order, the recipient will undertake a detailed check of the goods received against their order and any discrepancies or damage should be noted and advised to the Finance department within 2 days of receipt of the goods.

## Returning goods

### Faulty goods

- 25 Any faults or discrepancies should be reported to the Finance Assistant immediately who will note this on the system. The budget holder (or representative) should then report it to the supplier and obtain instructions/official returns number/reference and arrange for any goods that need to be returned to be collected. Goods must never be returned to a supplier without a supplier's returns number/reference; otherwise the Academy is still responsible for the goods and therefore payment.

### Inspection copies

- 26 Accompanying paperwork will usually give the publisher's guidance on the procedure for returning the inspection material. Orders for inspection copies should be raised on the web portal by the budget holder. These will be cancelled if publications are returned. The Finance department must be notified if publications are returned, otherwise invoices will be matched to the orders and paid.
- 27 Any goods that are rejected due to sub-standard quality or not as ordered should be returned to the main Reception for collection.

## Invoices

- 28 Invoices are stamped with the date when they are received in the Finance Office. They are checked to ensure that the invoice is arithmetically correct and that VAT has been treated correctly. Invoices are processed on Corero by the Finance Assistant and scanned. The requisitioner/budget holder will receive a system generated e-mail prompting them to confirm receipt of goods, correct prices, and authorisation to pay the invoice, via the web portal. Budget holders/managers should respond immediately to system e-mail notification of invoices requiring approval.

## Payments

- 29 A list of proposed payments by due date will be produced by the Finance department and paid within the current operating procedures and in line with bank mandate (See Academy Finance Handbook and Financial Operations Procedure Manual).
- 30 The Academy will not usually make any payment on a supplier's statement or on a copied invoice without being certain that an original is not available. The Finance System will not allow the same unique supplier invoice number to be entered more than once should other copies of invoices be received.

## Conclusion

- 31 Full implementation of this policy enables the Academy to be satisfied that:
- appropriate measures are taken to obtain ‘the best price’ and ‘value for money’;
  - prices are reasonable for the specific contracts, goods or services;
  - prices accurately relate to any quotations or tenders;
  - prices have been correctly calculated;
  - prices have been correctly interpreted with respect to VAT (inclusive or exclusive) and postage and packaging;
  - the goods or services ordered are appropriate and needed;
  - there is adequate budgetary provision for the order;
  - suppliers are paid on time;
  - the Academy does not incur further costs due to returned goods lost in transit or due to late payment.
- 32 This policy should be reviewed annually by the Governors’ Business Management Committee.

## Appendix 1: Record of Three Quotations Form

Alderbrook School

- 1 For purchases of goods or services over £1,250, three quotations are required which should be summarised on the table below

Supplier	Price (ex VAT)
1	
2	
3	

- 2 Attach copies of the three quotations

- 3 Explain briefly which quotation is being recommended and why

- 4 If three quotations have not been obtained, explain why (e.g. sole supplier)



## Appendix II: Authorisation Limits for ordering Goods and Services

Amount	Authorisation Required
Up to £250	Budget Holder
£250 – £5,000	As above plus Chief Financial Officer <i>Over £1,250, three separate quotations are required</i>
£5,000 - £60,000	As above plus Headteacher and Chair of Governors
Above £60,000	As above plus Governors

## Appendix III: Corero Workflow

### Limits

Corero Limit	Description	Limit
Requisition Limit requiring 3 quotes	Above this limit 3 quotes required for requisition	£1,250
Small spend approval	Budget holders can authorise a requisition up to this amount	£250
Medium spend approval	Chief Financial Officer can authorise a requisition up to this amount	£5,000
Large spend approval	Headteacher can authorise a requisition up to this amount – Chair of Governors prior approval to be in place	£60,000
Invoice variance for Budget holder	Budget holder has to authorise invoices which differ to the PO by this amount or 10% order value (whichever is lower)	£20
Invoice variance ratio for Budget holder	Linked to above	1.10
Invoice large variance to PO level	If invoice differs from PO by more than this amount, Headteacher to sign	£200
Invoice large variance, No PO level	Amount of invoice Headteacher can sign up to when no PO exists - Chair of Governors prior approval to be in place	£60,000
Invoices to bypass workflow	There are no exceptions to the workflow	n/a

### Roles

Corero Role	Description	Current Signatories
BUYFORALL	Able to buy for all departments	WIA, LOM, EAC
FINNOPO	Approves all invoices with no purchase order	BET
FINOSWF	Approves invoices outside of workflow	BET
FINQRY	Deals with finance queries	LOM, EAC, STL
INV-LARGE	Approves all invoices with no PO up to £60,000 (e.g. catering invoice) and variances of PO to invoice or more than £200	BET (for invoices over £60,000 with no PO, Governor approval in writing is required)
OS APPROVER 1	Approver 1 for spend over budget; no limit	EAC
OS APPROVER 2	Approver 2 for spend over budget; no limit	BET
RQ LARGE	Can approve requisitions above large spend approval limit of £60,000	BET who also requires a signature from Governors to authorise
RQ MED	Can approve requisitions above medium spend approval limit of £5,000	BET
RQ SMALL	Can approve requisitions above small spend approval limit of £250	EAC
VIEWFORALL	Able to view all departments on Web Resource	WIA, LOM, EAC, BET, STL