



Trinity Multi Academy Trust

Policy: Purchasing Policy

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Lead professional: Chief Finance Officer /
Chief Operating Officer

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1. Overview

The successful control of the ordering and purchasing within the Trust is a complex task and by effective implementation of this policy, we aim:

- To contribute towards the internal controls by which the Trust ensures that its finances are properly managed. Specifically, we will ensure that proper approvals are obtained, and segregation of duties is observed;
- To demonstrate that we actively strive towards obtaining and providing 'best value';
- To achieve a common understanding of how we place orders and pay for goods and services. The policies for ordering and purchasing are also governed by the principles of internal financial control described in the latest Trinity MAT Finance Policy.

2. Obtaining and Providing 'Best Value'

The Trust must achieve 'Value for Money' 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 Trusts and thoroughly monitoring expenditure and providing regular reports to the Board of Directors;
- Challenging and asking why and how a service/contract is being provided. We aim to be clear about our priorities in relation to the use of reserves, with curriculum led financial planning and justification for actions;
- Where possible, looking for competition in securing the most economic and efficient resources, contracts and services for our pupils and parents through quotations and tenders.

3. Obtaining the Best Price

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;
- consult other Trusts to share experience of similar purchasing;
- 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.

4. Obtaining Quotations

A quotation is obtained when a supplier replies to a request for a price to supply specific goods or services. Telephone quotes are acceptable if these are evidenced and written confirmation of quotes has been received before a purchasing decision is made. Budget holders are responsible for the retention of all relevant documentation and forwarding that to the relevant Finance (and Operations) Manager. The Board of Directors has established the following procedures for obtaining quotations:

- For orders up to £1,000, no formal quotation is required; however, preference to use a preferred supplier should be applied.

- For orders between £1,001 - £5000, the person placing the order should compare prices with three suppliers and obtain three written quotes; evidence of this must be sent to the Finance (and Operations) Manager and logged for audit purposes unless otherwise agreed with the CFO and (Executive) Principal (or Accounting Officer).
- For orders between £5,001 - £25,000, a minimum of three quotes must be acquired. Evidence of this must be sent to the Finance (and Operations) Manager and logged for audit purposes. This amount of spend must be approved by the Local Governing Body.
- For orders between £25,001 - £50,000, a minimum of three quotes must be acquired. Evidence of this must be sent to the Finance (and Operations) Manager and logged for audit purposes. This amount of spend must be approved by the Accounting Officer. OJEU rules may also apply.
- Expenditure likely to exceed £50,000 must be put out to a formal tender process. Requirements are sent to selected suppliers who are invited to place a bid for the works or supply of services to each academy. If the amount of the contract is over the OJEU threshold then each academy will follow the process as set in the regulations for public bodies. The Finance (and Operations) Manager will document this process for audit purposes. The bids for tender will be judged on their merits covering the specification as set out on the tender document and also what Value for Money it brings to each academy. Each academy may not necessarily choose the cheapest option but will choose the best option for each academy and will document its decision for audit purposes. This amount of spend must be approved by the Board of Directors
- If for any reason it is not possible to follow the above procedures, then this must be recorded and minuted in a Board of Directors meeting, with associated reasons.
- For some purchases it may not be possible to gain three written quotations due to timescales or market share (e.g. Times Education Supplement) – in this instance the three quote can be over-ridden if approved in writing by the CFO and the Accounting Officer/CEO.

5. Tender Process

The tender process specifically states:

- A tender is required when a supplier is requested 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.
- Where the estimated value of a purchase exceeds £50,000, the formal tender procedure must be followed in line with the recommendations in the Trusts Financial Policy as stated above.

6. Authorisation and Expenditure Limits

Prior approval from the Board of Directors should be obtained for all expenditures above the delegated authority given to the CEO and budget holders as set out in the Trust's scheme of delegation. <https://www.trinitymat.org/wp-content/uploads/2019/11/SoDA.pdf>

7. Purchase Ordering Procedure

In order to achieve best value, it is important that a consistent procedure be followed throughout the Trust when goods or services are purchased. It is the responsibility of all budget holders to manage their budgets and to ensure that funds available are not overspent. The process is as follows (note that quotations must be obtained as per section 4 above):

- The person requesting the expenditure ('requestor') raises an internal requisition on Sage 200 Finance, in Primary Schools this can be the Finance & Operations manager.

- The requisition is approved by the budget holder and, where relevant, the owner of the budget from which the expenditure will come;
- After approval, the Finance team (Finance & Operations Manager in Primary) will convert the requisition to an official order in the finance system with an order number produced by the system;
- The Finance team will dispatch the signed order by email or post to the supplier. At this point, the amount of the order will automatically be entered onto the finance system as a commitment against the relevant budget.

Individuals must not use official orders to purchase goods and services for private use.

8. Credit Card Purchases

In certain circumstances, credit cards can be used for ad-hoc purchases in the MAT, following the normal purchase order procedures. Details of cardholders and spending limits can be found in the MAT Finance Policy but orders must be approved by the Budget Holder prior to ordering.

9. Receipt of Goods

On receipt of the invoice, the requestor will undertake a detailed check of the goods received against the official order. Once checked the delivery note and/ or invoice are signed off by the budget holder and passed to finance to indicate goods have been received with no discrepancies or faults. If any discrepancies or damages are found, the requestor should inform the finance office, to ensure the invoice is not paid. The requestor should then follow up the discrepancies with the supplier. Similarly, for services, the requestor is responsible for ensuring that the services received are in line with the order, and marking the invoice to confirm that the services have been satisfactorily performed.

10. Returning goods

Any faults/discrepancies should be reported to the Finance team immediately. The requestor should then report it to the supplier and obtain detailed instructions for return or collection of goods. Goods must never be returned to a supplier without a supplier's returns number/reference otherwise the Trust is still responsible for the goods and therefore payment.

11. Invoices

All invoices should be "fit for purpose" and therefore must include a unique invoice number, supplier's name, address, contact details, date, company number and VAT number if applicable, details of the goods/services supplied and the amount charged.

Invoices are stamped with the date when they are received by the Finance team. The Finance team cross-references the official order and checks:

- receipt of goods/services;
- prices accord with quotations/tender/catalogue prices and arithmetic is correct;
- discounts are taken, where available;
- VAT has been treated correctly.

All correct invoices are passed onto the Budget holders or other approved signatories of staff to certify for payment. The list of authorised signatories is held by the Finance (and Operations) Manager in each academy. Certified invoices are processed on finance system by the Finance team.

12. Payments

Payment should be made within the Trust payment periods of 30 days from date of invoice.

The Trust should not make any payment based on a photocopied invoice (without being certain the original is not available) or statement from a supplier.

The Finance (and Operations) Managers approves all processed invoices on the finance system after checking they are:

- authorised properly;
- coded correctly.
- Bank details are double checked for every payment over £1K

Once invoices are approved on the system, the Finance (and Operations) Manager prepares a payment run and BACS file. BACS files must be signed in line with the bank mandate and list of authorised signatories, usually Senior Leaders in each respective academy with the CFO and Management Accountant as backup. Invoices are scanned into the finance system and attached to the payment run report for safe physical storage.

13. Related Policies

This policy needs to read in conjunction with:

- MAT Finance Policy
- Scheme of Delegated Authority