

PROCUREMENT POLICY & PROCEDURE OWN TRUST



Status:	Statutory - AFH	
Version:	1.1	
Committee:	Human Resources & Finance	
Approved by:	Human Resources & Finance 08 July 2021	Date Introduced: 17.06.2019
Review Cycle/when:	Annual/Summer 1	
Last reviewed on:	July 2021	
Next review due by:	July 2022	
Review Managed by: (drafting/checking)	CFO	
Master stored:	SharePoint/Governance/Policies	
Published (where/by):	Trust Website/Finance	
Distributed to:	All staff	
Distributed by:	CFO: OWN Staff, Office Managers: School Staff	
Inform on completion:	Governance & Compliance Manager	

REVISIONS

Version	Page/ Item No.	Description of Change	Approved On
1.0		First approval	30.09.2019
1.1	4/Part 2, Stage 2	Full additional section referring to 'pre-qualifying checks' (6 additional sub-bullet points)	09.07.2020
	5/Part 2, Stage 6	'ensuring adequate controls are put in place and an evaluation of whether the contract and supplies are fit for purpose' added.	

Contents

1. Aims	3
2. Overview of the Procurement Process.....	3
3 Procurement Process	5
APPENDIX 1 – Tendering Procedure	8

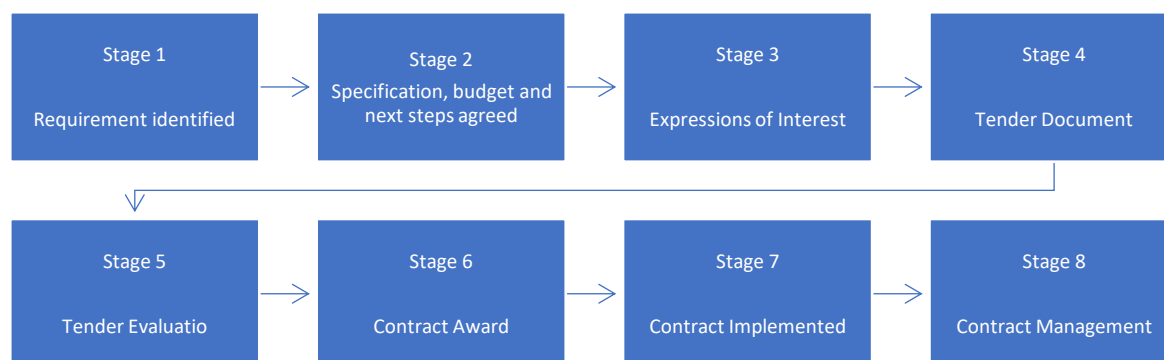
1. Aims

This policy must be used alongside the OWN Trust Delegated Finance Levels of Authority, within the Financial Regulations and separate policy.

OWN TRUST must ensure potential suppliers can demonstrate their financial, commercial and technical capability to fully meet our contractual requirements. We also look for a clear demonstration of commitment to equal opportunities in employment; training of staff; environmental issues; health and safety and ethical behaviour. The need to demonstrate value for money is central to our Procurement Strategy and cannot be achieved without the support of suppliers both large and small. We rely on our suppliers to deliver excellence. We constantly seek to improve and expect our suppliers to play a major part in this process.

2. Overview of the Procurement Process

The following flow chart shows the stages of a procurement process:



Stage 1 - The budget holder identifies a need and quantifies the estimated spend required. The Trust Board/ CEO can be consulted for assistance in this process if required. The OWN TRUST Finance Levels of Authority document is consulted to identify the authorisation levels required.

Stage 2 – Action here depends on the value of the procurement to be made:

At all stages, relevant and appropriate checks should be made against the suppliers, to identify any potential risks to the supply of goods or services. This may be done through a Pre-qualification questionnaire (PQQ), and may include some of the following example questions:

- Financial stability – does the supplier have an established pattern of turnover of at least twice the contract value in recent years?
 - Track record – can the supplier prove that they can deliver?
 - Relevant experience – has the supplier completed similar projects for other schools in the past?
 - Capacity – does the supplier have the resources to complete the work?
 - Criminality – has the supplier been involved in criminal activity such as fraud, terrorism, money laundering? (It may be possible to include a bidder who has addressed serious concerns and demonstrated they have turned the organisation round; however, this allows exclusion of bidders who have failed to improve their services).
 - Previous professional misconduct. Has the supplier been found guilty of professional misconduct in the past five years? What steps have they taken to rectify this? (It may be possible to include a bidder who has addressed serious concerns and demonstrated they have turned the organisation round; however, this allows exclusion of bidders who have failed to improve their services).
-
- Orders up to £5,000 require a single written quote. CEO (Trust) and Head teacher (Academy) have delegated authority.
 - Orders £5,001 to £10,000 require 3 written quotes. The CFO (Trust) or Office Manager (Academy) must provide copies of the three quotes to CEO or Head teacher for approval, with a justification as to why the quote chosen adheres best to the values detailed above.
 - Orders £10,001 to £24,999 require 3 written quotes as above. 2 post holders with appropriate delegated authority e.g. CEO and CFO for the Trust or Head teacher and Chair of Governors for the Trust should ensure that these quotes are considered before deciding which supplier to award the contract to.
 - Orders over £25,000 to £49, 999 require 3 written quotes as part of the tender process to be undertaken (see Appendix 1). 2 post holders with delegated authority (e.g. Headteacher and Chair of Governors, CEO and CFO, or Headteacher and CEO) must provide copies of the three quotes to Finance & Audit Committee for approval, with a justification as to why the quote chosen adheres best to the values detailed above
 - Orders over £50,000 to £181, 302 (current OJEU threshold) require the full tender process to be undertaken (see Appendix 1). 3 post holders with appropriate delegated authority, CEO, CFO and Chair of Trust for the Trust or Head teacher, CEO and Chair of Governors for an

academy to agree on the award of the contract taking into account 'best value' and documenting the process followed to award the contract.

- Orders above the current OJEU threshold (£181, 302) will require a full EU advertised competitive tendering process (see Appendix 1). A project team will report to the CEO and including appropriate specialists (e.g. legal, finance, procurement, health & safety). The outcome is proposed to the F&A Committee for full approval by Trustees.

Stage 3 - Suppliers see the advertisement for the tender and can express an interest in tendering ('Expressions of Interest').

Stage 4 - Tender Documents are produced (see Appendix 1). Each procurement process is treated individually. Dependent on circumstances, a specialist procurement approach is adopted which takes the appropriate environmental, sustainable, social and ethical issues into account.

Stage 5 - Contracts are awarded based on a number of elements and not just on the lowest price. OWN Trust will evaluate and select the most economically advantageous tender that meets the specification/user requirements. The common misconception is that "value for money" equates to "the cheapest regardless of specification". OWN Trust will look for quality products and services as well as keen or competitive prices and good contract management after it has been awarded.

Stage 6 - The contract or contracts are awarded based on the results of the evaluation process, ensuring adequate controls are put in place and an evaluation of whether the contract and supplies are fit for purpose. A requisition is raised through PSF in confirmation of this. This requisition will be representative of the agreed payment tranches the contract has agreed in advance.

Stage 7 - The contract is implemented and communicated.

Stage 8 - The contract is managed throughout its term. Costs and performance are reviewed on a regular basis or at milestones throughout the project. Invoices are only signed off and paid at the successful completion of the stages of works agreed.

3 Procurement Process

3.1 OWN TRUST internal purchase order requisition form

- Budget holders must submit a requisition order on PSF or a hand written order form signed by the budget holder. They must confirm that there are adequate funds in the budget to facilitate the purchase.

- Once this is submitted it will be sent to the finance department for authorisation and sent to the supplier for ordering.
- No orders should be placed verbally.
 - The exception to this rule is in exceptional scenarios e.g. emergency repairs.
 - Once the work has been completed a retrospective confirmation order must be generated.

3.2 Goods and services

- Goods received into the school should be logged at reception.
- Goods should then be checked as to quantity and quality.
 - If there are any problems then the finance office should be notified and the goods will be returned or replaced and the invoice will be put on hold.
- Services should be physically examined and documented as completed with a signature and date.
 - If the services have not been adequately rendered, notify the finance department to put the invoice on hold.
 - The department for whom the order was made are encouraged to contact the supplier to rectify the situation.

3.3 Purchase invoices

- All purchase invoices should be sent directly to the finance office to be checked as correct and signed. These should match a corresponding signed order from the budget holder unless a regular service e.g. electricity this is then signed as correct by the Office Manager and processed.
- Payment will be made within the Trust's standard terms and conditions

3.4 Quotes for works or services

- The procurement of works/goods/services will normally require a form of quote. Therefore, full consideration should be given to:
 - Objective of project

- Overall requirements
 - Technical skills required
 - After Sales service requirements
 - Form of contract
-
- Copies of quotes must be saved down and provided to the finance department.

3.5 Tendering for works or services

- Please see the OWN TRUST Tender Policy Appendix 1
- Copies of tender bids must be saved down and provided to the finance department.

APPENDIX 1 – Tendering Procedure

Tendering Procedure

Forms of tender

There are three forms of tender procedure: open, restricted and negotiated. The circumstances in which each procedure should be used are described below:

1. Open Tender:

This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the finance director as to how best to advertise for suppliers or to identify all potential suppliers and contact directly if practical.

2. Restricted Tender:

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

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

3. Negotiated Tender:

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

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

Opening tender

Invitations to tender should be submitted by prospective bidders in sealed envelopes and time stamped upon receipt. They are not to be opened immediately. These invitations should then be stored in a secure place until an acceptable amount of invitations to tender have been received.

- Opening tenders:
 - All tenders should be opened at the same time with the details of tender recorded.

- For contracts above OJEU thresholds the academy's chief executive officer and a member of the finance policy and scrutiny committee should be present for all opening of tender.
- The record must be signed and dated by all people present to the opening of the tender.

Evaluating tender

Evaluating tender process:

1. The evaluation process should involve at least two people.
2. Those involved should disclose all interests that may conflict with their decision to contract.
3. If a conflict of interest should arise then the persons are expected to withdraw from the tender evaluation procedure.
 - a. Those involved in the tender evaluation process must take care not to accept gifts or hospitality from potential suppliers as to not compromise or seem to compromise independence in decision making.
 - b. Full records should be kept of all criteria used for evaluation.
 - c. For contracts over £50,000 a report should be prepared for the Finance & Audit committee, highlighting the reason for deciding who to contract with.
4. The accepted tender should normally be the one that is the most economically advantageous. However other criteria may be used to form a decision to tender, as long as these assets are included in the tendering advertisement. The tendering of works/goods/services will come from multiple providers. Therefore, full consideration should be given to:
 - a. Objective of project
 - b. Overall requirements
 - c. Technical skills required
 - d. After Sales service requirements
 - e. Form of contract
5. An invitation to tender should include:
 - a. Introduction/background to the project
 - b. Scope and objectives of the project
 - c. Technical requirements
 - d. Implementation of the project
 - e. Terms and conditions of tender
 - f. Form of response.
6. It is important that the school adheres to the Education Funding Agency's value for money statements. Therefore, full consideration should be given to:
 - a. Financial aspects
 - i. *Does the quotation price come with any ramification costs?*

- ii. *Is there scope for negotiation?*
 - iii. *When receiving multiple quotes, does the cheapest quote equate to a satisfactory level of service?*
- b. Technical aspects
 - i. *Qualifications of the contractor*
 - ii. *Relevant experience of the contractor*
 - iii. *References from past customers*
 - iv. *Descriptions of technical and service facilities*
 - v. *Certificates of quality/conformity with standards*
 - vi. *Quality control procedures*
- c. Other considerations
 - i. *Previous dealings with the contractor*
 - ii. *Pre-sales demonstrations*
 - iii. *Post-sales service*
 - iv. *Financial status of the supplier*

Awarding the contract

- Notify the successful bidder and the unsuccessful bidders with reasoning as to why they were unsuccessful.
- A minimum response period of 10 days is required before retracting an offer to a different party if no response is given.

Thresholds

- If services are to be provided for more than one year the aggregate costs of the services over a four-year period should be calculated to establish whether the relevant thresholds have been exceeded.
- Contracts should not be broken down into smaller parts to bring them down into particular thresholds. If a contract does have several parts then these should be aggregated.
- Where OWN Trust enters into several contracts with the same supplier in any period, the value of those contracts should be aggregated.
- Purchases of goods over £181, 302 will require advertising in the Official Journal of the European Union.
- Purchases of services over £4,551,413 will require advertising in the Official Journal of the European Union.