



Ellen
Wilkinson
Primary
School



Wilkinson
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School

Procurement Policy and Processing Procedures

Policy Creation & Review

Author(s)	Headteacher & GB Finance Committee
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1. Purpose of Procedure

Ellen Wilkinson Primary school as with all schools in Newham manages its own finances and as a result needs adequate controls in place to ensure that the public funds entrusted to the school management are correctly applied in the procurement of goods and services by following guidelines proposed by the Local Authority and Central Government. The school needs to demonstrate that it exercises best value in its purchasing processes and has sufficient controls in place to prevent fraud in the overall procedure.

2. Scope of Policy & Procedure

This policy and Procedure is a supplementary control document to the Ellen Wilkinson Finance Policy.

The majority of school funds are spent via departments of LBN and as such are covered through School Service Level Agreements (SLAs). In general, the overall procedure detailed in this document does not apply to the procurement of these services as the Local Authority (LBN) follows its procurement rules in providing these services on our behalf.

However, the procurement of SLAs does need to be considered within this document (see section for School Service Level Agreement). Services such as Payroll, Human Resources, Cleaning and ICT services fall within the SLA remit.

Often, schools use LBN Departments to act as project manager to procure services such as Building Projects. As part of this service the department concerned will ensure that all proper LBN procurement processes are followed. In these cases the school procurement processes are not required.

The procedure aims to ensure that adequate segregation of duties are incorporated to maximise controls in the process.

All financial limits used in this procedure are exclusive of recoverable VAT

3. Summary of School Procurement Process

The process of buying goods and services generally follow the same path from the point of need to the point of final payment.

In summary this would be as follows:

1. A need is identified
2. A requisition request is raised and authorised
3. A supplier is sought and a Purchase Order is raised
4. The Purchase Order is approved and sent to the supplier
5. The goods or service is received
6. A Delivery Note or Service Delivery Note is signed stating receipt
7. An invoice is received for the goods or services
8. The invoice is matched with the purchase order and delivery note
9. The invoice is approved for Payment
10. A BACS or cheque payment is raised
11. The BACS or cheque is signed by two of the approved signatories
12. When the BACS or cheque payment is cleared it is reconciled on the bank statement

3.1 Segregation of Duties

The procurement procedures must ensure that wherever possible, duties and actions within the process are split to maximise control of funds and budgets. The following rules are employed:

- The requester (budget holder) is not involved in any of the remainder of the process other than approval of goods receipt.
- The person raising the purchase order is not allowed to approve the order (Orders are all to be approved by the Head Teacher or SLT)
- Receipt of goods is conducted by the admin staff before confirmation with Requester's approval of quality of product.
- The person processing the invoices is not allowed to approve the invoice
- Invoices are approved for payment by the budget holder who requested the goods.
- The person raising BACS or cheques for supplier payment cannot be a signatory.
- The Head Teacher is generally the main signatory on all BACS and cheques.

4. The Ordering Process

4.1 The Requisition Form

When a need is identified, the person requesting the goods or service raises a Requisition Note. This note identifies the goods ordered, the budget holding department or cost centre as well as the budget holder.

A specified Supplier may be requested where the product or service is bespoke and cannot be obtained from any other supplier. In this case, it must be clearly noted on the Requisition Note (see Appendix 1).

The Requisition form is signed by the budget holder and the Finance Officer who confirms the availability of funds within that budget.

4.2 Selection of a Supplier

Either the Requestor or the administration staff will seek suppliers for the requested goods or service. To ensure best value, in most cases this will involve comparing prices and quality of product from potential suppliers.

Over the years, the school has compiled a list of approved suppliers based on historic use, quality of service and value for money. Some of these 'preferred suppliers' may be used on a regular basis as the main choice and other suppliers will not be sought if the order value falls below £5,000.

Orders will **NOT** be split to allow them to fall into lower purchasing bands.

Purchases in excess of £5,000 but less than £25,000 must demonstrate value for money by ensuring TWO formal written quotes are obtained from suppliers.

Purchases in excess of £25,000 but less than £100,000 must demonstrate value for money by ensuring THREE formal written quotes are obtained from suppliers. (In the event of it not being practical/possible to get more than three quotes, permission of the Finance Committee will be sought to proceed– See also the Procurement Waiver Rules on page 7)

In general, in order to ensure fair completion, a simple scope of works should be drawn up and sent out to all invited suppliers who will be able to quote on these requirements.

All quotes must be reviewed in the selection process and the decision recorded on the **Procurement Evaluation Form**. (Appendix 2)

The Purchase Order number of the final order should be shown on the Procurement Assessment form which is filed with all the related paperwork and quotes.

4.3 Formal Tenders

Generally, the school uses LBN departments for high value purchases and as the tendering process is conducted by the LBN department. However, should the school decide to procure high values goods and services independently, tendering processes must be demonstrated as below:

Purchases in excess of £100,000 but less than £181,302 must be made following a formal Mini Tender Process.

In this case, a detailed scope of works must be drawn up and an 'Invitation to Tender' must be sent to at least FIVE suitable companies and there must be at least THREE companies that respond to the tender request. If three tenders are not received, the process should be extended to include other potential suppliers. Where the procurement involves construction work, FIVE tenders must be received to consider.

Using the evaluation process that ensures best value in price, quality, logistics etc. a Preferred Supplier is identified. Detailed discussion and surveys from this preferred supplier will lead to a contract for the works or service.

However, as the school does not have sufficient expertise in house to manage projects of this value, it is likely that LBN departments will be sought to handle the procurement process. This is also the case for projects in excess of the current EU limits for contracts of £181,302.

A summary of the procurement limits is shown in Appendix 3

4.4 Raising Purchase Orders

When a requisition has been approved and a supplier is identified, a purchase order is raised within FMS and approved by the Head Teacher or in her/his absence, a member of the leadership team. Once approved the purchase order is dispatched to the supplier either by e-mail, FAX or Post. In some cases, a purchase order number will be quoted to the supplier by telephone.

NO goods or services should be ordered without an approved purchase order being raised.

In the case of annual contracts and ordering of repeated services, bulk purchase orders can be raised to cover the costs for the year.

It is important to raise Purchase Orders in the system as soon as possible as this will record a commitment of expenditure and prevent overspending in the related budget.

Where formal quotes and tenders have been sought, the purchase order details should be included on the Procurement Assessment Form.

4.5 Receiving Goods and Services

When Goods or Services are procured, it is important to ensure these are received in Quantity and Quality as soon as possible.

The Finance & Resources Assistant will sign all delivery notes on receipts of goods.

Any discrepancies and issues in standard of service should be raised as soon as possible when goods or services are received.

Timesheets are a form of delivery of service note and in signing a timesheet you are agreeing that the related service has been satisfactorily completed. Therefore, prior to signing timesheets the approver must ensure that the work has been satisfactorily completed.

Confirmation of acceptance will then allow the invoice to be paid when received.

4.6 Invoicing

When an invoice is received, it should be matched to the original purchase order and delivery note.

The invoice value must be checked for the following:

- Do the charges on the invoice cover the goods or services ordered?
- Are the charges on the invoice in line with the prices on the purchase order or quote?
- If VAT is charged, is it correctly calculated and does the invoice clearly state the supplier's VAT registration number?

Once checked, the invoice is signed by a member of the Leadership Team as "approved for payment and attached to the original paperwork (Requisition Form, Purchase Order and delivery note). Once approved, the invoice can be paid.

4.7 Payment Process

Once fully approved, invoices should be paid in accordance to the agreed payment terms to prevent incurring late payment charges.

Majority of payments are done by BACS although some still require a cheque.

5. Schools Service Level Agreements and Contracts

A number of services procured by the school are in the form of Service Level Agreements with LBN departments. Although these are not covered by the procurement rules as detailed above, the use of these services should be subject to best value principles and where possible compared with other providers.

The school also uses some external suppliers to perform some services such as Finance Support. Although these contracts are annual and roll into each year, the principles of Best Value should also be applied. However, where external suppliers are used, the procurement process should be applied and alternatives considered whenever contract renewal approaches.

5.1 Leasing Agreements

There are two types of leasing arrangements:

1. Finance Leases – This is where an asset is leased from a company who sells the full value of the finance over the time of the lease to a third party. This effectively means that the school enters into a contract with the third party to pay the agreed periodic lease payments. In simple terms it can be considered to be like taking a loan to rent an asset. The school will not own the asset which remains the property of the lessor
2. Operating Leases - This is where rental payments are paid direct to suppliers of the asset. It is a rental agreement

Schools are not permitted to enter into finance leases under any circumstances.

The Head Teacher, with the Lead Consultant from the finance support company, will review any proposed leasing agreement and seek confirmation and approval from LBN Finance as well as the Finance Committee before a contract is signed.

6. Waiving Procurement Rules

On some occasions, the school may waive the application of the procurement process for particular projects, transactions or service.

In such cases, the waiving of the rules should be discussed at least at Finance Committee and or Full Governing Body where the reasons behind the waiver are clearly discussed and approved.

The decision to waive the rules will also be recorded on the Procurement Evaluation Form clearly stating the reasons behind the decision and must be approved by the Chair of the Finance Committee.



Appendix 2 - Procurement Evaluation Form

Budget Holder	Budget/Cost Centre
Governors	

Business Case

Suppliers Invited			
Supplier	Tendered?	Supplier	Tendered?

Supplier selected

Reasons For Selection


Approved by		
Name	Signature	Role

Date	
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Appendix 3 - Summary of Procurement Limits and Approvals

The following framework follows the guidance provided by The LBN Internal Audit Service to schools in Newham.

Ellen Wilkinson School has adopted these limits with effect from January 2018 and subsequently amended them in accordance with any changes issued.

In general, the school will seek advice on the tendering process for all projects in excess of £50,000.

Expenditure Limits (Excluding VAT)	Procurement Process	Approvals
Less than £4999	One quote (record in writing)	Headteacher or staff member with appropriate authority (SLT)
£5,000 - £24,999	Two quotes (record in writing)	Headteacher or staff member with appropriate authority (SLT)
£25,000 - £99,999	Three written quotes	Two post holders with appropriate authority, one being at least the Headteacher. This is undertaken at committee level.
£100,000 - £181,302	Mini Tender - 1-Stage competitive tender without prior advert against written specification of requirements 3 Tenders	Headteacher & Chair of Governors at full Governing Body meeting
Above £181,302 and EU rules apply	Full EU advertised competitive tender process 3 Tenders	A Project team reporting to the Chair of Governors at Full Governing Body and including appropriate specialists e.g. legal finance, procurement, health & safety
Above £181,302 and EU rules do not apply	Full advertised 2-stage competitive process 3 Tenders	A Project team reporting to the Chair of Governors at Full Governing Body and including appropriate specialists e.g. legal, finance, procurement, health & safety

1. Thresholds are compulsory.
2. Values exclude VAT
3. Values are TOTAL values (NOT annual values e.g. 2 years at £10,000 per annum is £20,000, which requires 2 written quotations).
4. Contracts over £100,000 must be executed under seal.
5. Requirements are MINIMUM requirements. E.g. to obtain three written quotes, you may need to seek 5 or 6. In appropriate cases to demonstrate value for money you may consider following the procedure for a higher value contract.
6. Values are to be aggregated e.g. if you have a recurring need on an annual basis for supplies.
7. It is a breach of Contract Procedure Rules to deliberately divide up contracts to avoid these rules.
8. Make a reasonably accurate estimate of the total purchasing requirement/whole life costing/financial implications, e.g. including ongoing maintenance and support costs. If variable factors are such that an accurate estimate cannot be made then further information should be acquired before starting the procurement process.
9. The valuation should include the value of possible contract extensions and possible additional options.
10. You must have adequate budget provision.