

<p style="text-align: center;">ROOKERY ACADEMY SCHOOL</p> <p style="text-align: center;">PURCHASING AND VALUE FOR MONEY</p>

1.0 INTRODUCTION

In addition to the work that Schools Financial Services undertook in relation to the risks and deficiencies identified in the External Audit Report for Year Ended August 2014 an area of 'themed' work was agreed and which focused on 'Purchasing and Value for Money'

2.0 AREAS COVERED

Discussions took place with the School Business Manager and the Finance Officer and the following areas have been reviewed:

- Delegated Levels for Expenditure
- Sourcing of Goods and Service
- Quotations and Tenders
- Procedures for the Acceptance of Quotations and Tenders
- Business and Pecuniary Interests
- Ordering Process
- Delivery of Goods
- Payment Process
- Divisions of Duty
- Leasing Arrangements
- Internet Ordering
- Self Employment Checks
- Collaboration with Other Schools

3.0 REVIEWS AND RECOMMENDATIONS

3.1 Delegated Levels for Expenditure

Delegated levels for expenditure were confirmed as follows:

- Head Teacher – up to £5k
- Performance Review & Development Committee – up to £10k
- Full Governing Body – over £10k

Comments/Recommendations: The levels of delegation for expenditure are appropriate and providing the current limits do not present any unnecessary restrictions for the Head Teacher there are no recommendations for making any changes. The Terms of Reference for the Performance Review & Development Committee should set out the levels of delegation for the Committee and the Head Teachers Delegation Statement should set out the levels of delegation for the Head Teacher on a day to day basis. As part of the previous themed work undertaken in June 2014 there was a recommendation that the Terms of Reference for the Committee should be reviewed as part of the work undertaken by SFS in the Spring Term 2015 but this did not take place. It is recommended that this be considered in the Summer Term 2015

3.2 Sourcing of Goods and Services

For low value goods and services individual members of staff are expected to source goods and services prior to making a request for an order to be raised. Higher value goods and services may be sourced by the Finance Officer and for those over £500 the quotation or tender process is implemented.

Comments/Recommendations: Whilst it is acknowledged that the sourcing of low value goods and services can be time consuming it can often result in a number of savings being made which over a financial year period can prove to be significant. The current processes in place are deemed to be appropriate.

3.3 Quotations and Tenders

For goods and services that are likely to cost in excess of £500 quotations are sought. Staff members will inform the Finance Officer of requirements and she will source the cheapest price. Where specific goods and services are required a 'specification' is required and generally these are drawn up for IT equipment by the IT Manager and building/repair and maintenance work which will be drawn up by the Site Manager.

The Academy uses the TES Foundation website for sourcing quotations

The tendering process is used for services over £150k and this is usually in respect of building work. In such cases a Project Manager is appointed by the Academy to manage all of the tendering work, including drawing up of plans, liaison with architects etc

Comments/Recommendations: Robust processes are in place for ensuring that value for money is being sought. It is deemed to be good practice to appoint qualified Project Managers for the management of tendering arrangements and associated planning work.

3.4 Procedures for the Acceptance of Quotations and Tenders

The Head Teacher will make the decision over which quotation is accepted providing it is below her delegated limit of £5k. If the quotations are above £5k, but less than £10k, the Performance Review & Development Committee will make the final decision. In both cases recommendations from the School Business Manager are taken into account. Quotations and tenders above £10k go to the full Governing Body for consideration and a decision.

The cheapest quotation is not always accepted but where this is the case clear justification is made and recorded in the minutes of the relevant Committee or Full Governing Body meeting. A copy of the quotation is filed with the order.

Comments/Recommendations: The Academy has implemented a clear and transparent process in respect of the procedures to be followed for the acceptance of quotations and tenders. It is recommended that a copy of the relevant minutes showing the justification for not using the cheapest quotation should be filed with the relevant official order for future reference or if queried by a stakeholder

3.5 Business and Pecuniary Interests

All staff are required to complete the Business Interest Register on an annual basis. All governors also complete the Business and Pecuniary Interests Register annually and it is a standard agenda item for all governors meetings so that any changes in circumstances can be recorded. It was confirmed that where business interests have been declared, where appropriate, governors leave the room during the decision making process.

Comments/Recommendations: If not already the case, where governors leave the room during the decision making process, the minutes of the meeting should reflect that this has happened. This will demonstrate

that governors are acting with integrity and not attempting to influence decisions for their own personal gain

3.6 Ordering Process

Staff use Purchase Order Forms when they want an official order raised for goods or services. The Purchase Order Form names the relevant budget holder, the originator of the Form, (and relevant signatures), the date and the cost centre from which the funding will be taken. Additionally the Form shows the supplier name and address and a full description of the goods/services required including codes, quantities, item prices and overall order total. In terms of value for money the form provides some questions for staff to consider and which focuses on obtaining best value for the goods and services that are being requested.

The Finance Officer raises the official order based on the information on the Purchase Order Form and, dependent on the total cost of the order, may check for value for money by comparing prices with alternative suppliers.

It was confirmed that orders are not 'spilt' so that individual values of orders fall below the delegated limits.

The Head Teacher is responsible for authorising all official orders.

Comments/Recommendations: Good practice is demonstrated within the ordering raising processes.

It is recommended that orders should not be given to suppliers without some form of assessment of the quality and costs of goods and services, which ideally should be documents and kept with the requisition.

Purchases that are made through the Academy should be for the Academy's use only and not for the personal use of individual members of staff

3.7 Delivery of Goods

Other than for IT equipment all goods received are taken to the General Stock Room. The member of staff named on the order is required to check that the goods received match those that were ordered and that any damaged items are reported immediately to the supplier. Signed Delivery Notes/Goods Received Notes are passed to the Finance Officer. Invoices are not processed until goods and services have been received and in cases where damaged goods have been received, the payment is withheld until replacements have been delivered.

Instances of goods being received in school without there being an official order raised are rare. Staff have been discouraged from 'telephone' ordering or entering into ordering arrangements outside of the official order process.

Comments/Recommendations: Good practice is demonstrated within the delivery of goods process

3.8 Payment Process

The Finance Officer is responsible for processing invoices for payment. As part of the pre-payment checks the details on the invoice are checked with those on the official order. A copy of the invoice is retained with the official order and the delivery note

On occasions the school will make a payment against a 'copy' order but only in circumstances where the original invoice is not available. The invoice is stamped as a 'copy'.

The Deputy Head Teacher is responsible for authorising the payment of invoices.

Comments/Recommendations: Good practice is demonstrated within the payments process.

3.9 Division of Duty

From discussions held with the Finance Officer and the School Business Manager and from examples provided, it is confirmed that there is an appropriate division of duty in place so that weaknesses in the control systems for the authorisation of orders and invoices are minimised.

Comments/Recommendations: Divisions of duty within the Academy appear to be robust.

3.10 Leasing Arrangements

There is a 3 year lease in place for the rental of photocopiers. Contracts were sought for the rental of the machines and value for money principles applied when deciding which leasing company to use

Comment/Recommendation: When the Academy is considering entering into any leasing agreements it is important that care is taken over the decision to ensure that the Academy does not commit itself to an unwanted long term or expensive contract. The Academy should also be aware of the need to ensure the total cost of the contract does not exceed delegated limits, and that appropriate approvals are obtained as per the Academy's financial framework.

3.11 Internet Ordering

There are some instances where internet ordering will take place and this is usually for emergency items of up to £100 in value. Internet ordering is undertaken by the Finance Officer or the Head Teacher and the Academy's Debit Card is used for payment of goods. Separate records are kept in respect of internet orders so that a clear audit trail is available including a copy of the order and the bank statement showing payments made using the Debit Card.

Comments/Recommendations: The controls in place for using the Internet should be as robust as through conventional purchasing and this appears to be the case at the Academy.

3.12 Self Employment Checks

The Academy is aware of the need to ensure that self-employment checks are undertaken for individuals who come into school as 'consultants' and for small businesses to confirm that they are properly registered to pay income tax and make National Insurance contributions. A disclosure form confirming self-employment status is signed, as appropriate, by consultants and companies and a copy kept for reference purposes. The Academy uses the HM Revenue and Customs guidance to confirm the employment status of individuals and companies.

Comments/Recommendations: The processes that are in place are deemed to be good practice. If the Academy fails to comply with the guidance that is provided by HMRC and commission work from someone who is not properly registered as self-employed, the Academy and the individual and/or company could be liable for significant penalties levied by HMRC

3.13 Collaboration with other Schools

Rookery Academy is part of the Handsworth Association of Schools and this provides opportunities for some bench marking to be undertaken with schools that are similar in profile and demography. However, the Academy has not actively sought opportunities for collaboration with other schools in the Association in respect of purchasing

Comments/Recommendations: Collaborative purchasing has been widely promoted by the Audit Commission as being a means of schools and academies securing better value for money. A variety of difference collaborative approaches can be used and one such method is the informal networking between schools that can lead to the following benefits:

(i) Sharing information and awareness about markets for goods and services

(ii) Economies in scale in purchasing

(iii) Sharing of staff resources between schools i.e. IT Technicians

The Academy may wish to consider point (i) above