

Scheme of Delegation of Financial Powers

Presented at Audit & Risk Committees June 2018:

Adopted at Trustees Meeting: 25th June 2018

Next Review: June 2019

Terms of Reference

The Governing Body

The governing body has wide discretion over its use of the Academy Trusts (AT's) funds. It is ultimately responsible for the proper stewardship of those funds and for ensuring economy, efficiency and effectiveness in their use – the three key elements of value for money.

It must also ensure that it uses its discretion reasonably, and takes into account any and all relevant guidance on accountability and propriety. It is specifically responsible for ensuring that the AT's funds are used in accordance with: the law; the governing body's powers under the Funding Agreement (including the articles of association which set out the powers of the AT and its governance arrangements; and the Academies Financial Handbook.

The members of the governing body of the AT should also be aware of the statutory duties of company directors, which are set out in the Companies Act and include the duties to:

- exercise their powers only for a proper purpose;
- promote the academy's success;
- exercise independent judgement;
- exercise care and skill; and
- avoid conflicts of interest.

The Audit and Risk Committees

The Audit and Risk Committees are recognised committees of the Governing body. The Audit and Risk Committee meets at least once a term but more frequent meetings can be arranged if necessary.

Their main responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring and scrutiny of the academy management accounts;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the ESFA guidance issued to academies;
- reviewing and checking details of contracts and purchases;
- authorising the award of contracts and purchases;
- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the full governing body.

Accounting Officer

Within the framework of the academy development plan as approved by the governing body the Executive Director is the Accounting Officer and has overall responsibility for the academy's activities including financial activities. The AT accounting officer is personally responsible to Parliament and to the accounting officer of the ESFA for the resources under their control.

The essence of the role is a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; for ensuring value for money; and for the efficient and effective use of all the resources in their charge. Essentially accounting officers must be able to assure Parliament and the public of high standards of probity in the management of public funds.

Much of the financial responsibility has been delegated to the Principal and Business Manager but the Executive Director still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body have agreed should be approved by them;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the ESFA guidance issued to academies;
- completion of the accounting officer's statement on governance, regularity, propriety and compliance for inclusion in the AT's annual report;
- authorising contracts;
- advising the Finance Committee on purchases and;
- signing cheques and authorising BACs payments in conjunction with the bank mandate.

The Responsible Officer

The Responsible Officer (RO) is appointed by the governing body and provides governors with an independent oversight of the academy's financial affairs. The main duties of the RO are to provide the governing body with independent assurance that:

- the financial responsibilities of the governing body are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained and
- financial considerations are fully taken into account in reaching decisions.

The Responsible Officer will undertake a termly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as laid down by the governing body. A report of the findings from each visit will be presented to the Finance Committee.

Other References

- **Regularity** means the requirement for all items of income and expenditure to be dealt with in accordance with the legislation authorising them, and any applicable delegated authority.
- **Propriety** means the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of Parliamentary control. This includes standards of conduct, behaviour and corporate governance.
- **Value for money** means the educational and wider societal outcomes achieved in return for the taxpayer resources received. We are all most interested in educational outcomes in return for the money spent but as this is lagged you are able to use more immediate outcomes to demonstrate vfm and cost effectiveness.

Budgeting and Reporting

Role	Value	Delegated Authority	Method	Review Period
Budget setting process		Executive Trustee and Principal	Agree academy improvement priorities	Annual
		Academy Principal and Management team	Draft budget plan	Annual
		Executive Trustee and Principal	Agree budget plan	Annual
		Audit & Risk Committee	Approve budget plan for submission to the MAT	Annual
		MAT	<p>Approve or reject budget after applying the 2 Golden Rules Tests:</p> <ol style="list-style-type: none"> 1. If the MAT board require the Audit & Risk Committee to reconsider the budget then the MAT Board must provide a full explanation to the Committee of its reasons and the timescales by which an alternative budget should be provided. 2. If the MAT Board has lost confidence in the ability of the Audit & Risk Committee to set a budget that meets the 2 Golden Rules Tests', it will provide a full written explanation to the Committee for its judgement. <p>Under these wholly exceptional circumstances, the MAT Executive Trustee will take responsibility for recommending a budget plan to the board.</p>	Annual
Budget holders responsibilities	As per the individual budgets set	Principal, SLT and other budget holders	Budget monitoring is the responsibility of the budget holder and must not be overspent at any time during the year unless through prior agreement from the appropriate authorisation level.	Monthly
Monthly Management Accounts		Senior Finance Officer, Office Support Manager, Central HUB staff, CFO and Principal in conjunction with Auditors (Moore Stephens)	All transactions to be processed and reconciled by the academies finance staff for the timely checking and production of the monthly management accounts and governors reports as per the Financial Timetable	Monthly

Virements	Up to £50,000	CFO, Principal & Senior Leadership Team	Must be disclosed to the Audit & Risk Committee	As necessary
	Up to £70,000	CFO, Principal & Senior Leadership Team	Must be disclosed to the Audit & Risk Committee	As necessary
	Over £70,000	Principal	Must be approved by the Audit & Risk Committee	As necessary
	Up to £100,000	Audit & Risk Committee	Must be disclosed to the Board of Trustees	As necessary
	Over £100,000	Board of Trustees	Must be approved by the Board of Trustees	As necessary
EFA Reporting		CFO, Principal, in conjunction with Auditors (Moore Stephens)	An annual Financial Reporting Timetable will be released by the ESFA dates and requirements will be included on this timetable	As necessary to ensure compliance

Reserves

Role	Value	Delegated Authority	Method	Review Period
Use of reserves	Up to £30,000	CFO, Principal & Senior Leadership Team	Using individual school reserves to support initial budget setting and/or for supporting School Improvement Plan initiatives	As necessary
Loans between schools	Any value	CFO, Principal & Senior Leadership Team	Must be approved by the relevant Audit & Risk Committee	As necessary

Income

Role	Value	Delegated Authority	Method	Review Period
Collection and receipt of cash and cheques	Any	Senior Finance Officer, Office Support Manager and Central HUB Finance Team	Cash must be receipted by the person with delegated authority and recorded in the appropriate ledger. All on site cash and cheques must be locked in the safe until banking	Daily
Sales invoices	Up to £15,000	CFO	All sales invoices must be processed through the financial management system, and issued in a timely manner, within 30 days.	As required
	£15,001 - £100,000	Principal	Principal to authorise the issuing of sales invoices above £15,001	As required

	Over £100,001	Audit & Risk Committee	Audit & Risk to approve the issuing of sales invoices above £100,001, and then as above	As required
Banking of cash and cheques	Any	CFO or delegated Central HUB Finance Staff	Cash and cheques should be banked on a regular basis and should not be allowed to accumulate above £1,000. Banking should be checked and agreed by another member of staff before being banked and should	As required
	Any	CFO or delegated Central HUB Finance Staff	All money will be collected from each school site by a recognised cash collection company.	Weekly or as necessary
Reconciliation of bank accounts		CFO or delegated Central HUB Finance Staff	Bank accounts should be reconciled at least on a monthly basis by someone other than the person doing the banking. Bank reconciliations should then be signed dated and filed.	Monthly
Petty Cash		CFO, and Central HUB Finance Team	A petty cash float of £200 will be available on each school site. Petty cash should be kept in a locked tin and stored in the school safe. Petty cash payments should be kept below £30. Receipts must be provided for any claim. Pre approval from the appropriate budget holder must be obtained before any purchases take place. Period checks should take place by finance consultant or responsible officer. No expenses to be paid to staff via this method.	Weekly
		CFO, and Central Hub Finance Team	Cheques can be issued, 2 signatures are required on every cheque	Weekly
		CFO, and Central Hub Finance Team	Open credit facility available by MAT with Lloyds Bank (Hednesford) up to a maximum of £500	Weekly
Procurement Cards	Up to £500	Minibus drivers	Card to be used to procure essential goods. Monthly limit of £500	As necessary
	Up to £1,500	Catering Managers	Card to be used to procure essential goods. Monthly limit of £2,000	As necessary
	Up to 3,000	Central HUB Finance Team	Card to be used to procure essential goods. Monthly limit of £3,000	As necessary
Charges, Remissions and Debt Recovery Policy		MAT Board	CFO to prepare and ensure policy is updated annually, and presented to the MAT Board for approval.	

Purchases and Payments

Role	Value	Delegated Authority	Method	Review Period
Purchase orders	Up to £3,000	Central HUB Finance Staff	Orders should be placed with approved suppliers unless agree otherwise with school business manager. Orders should be written on approved purchase order pro forma and authorised before being processed in the financial management system, and before order is placed with supplier. Approved paper based orders should be entered into the financial management system by someone other than the person who approved the order.	Weekly
	Up to £10,000	Budget Holder (Headteacher), CFO, Senior Finance Officer and Office Support Manager	As above and three quotes must be obtained. These can include both written and verbal.	Weekly
	Over £10,000 up to £50,000	MAT Board, Budget Holders (Headteacher), CFO	As above however minimum three quotes must be written Formal tendering process, including advertising in OJEU for orders over £25,000.	Weekly
	Over £70,000	MAT Board, Principal	Formal tendering process, will be initiated, including advertising in OJEU if appropriate	Weekly
Authorising an order raised by oneself	Up to £3,000	Central Hub Finance Staff	Requisition raised and signed by budget holder.	Weekly
	Up to £10,000	Senior Finance Officer and Office Support Manager	Requisition raised and signed by budget holder.	Weekly
Non Order Invoices	Up to £3,000	Central Hub Finance Staff	Invoices will be formally approved by budget holder, signed and dated	Weekly
	Up to £10,000	Senior Finance Officer and Office Support Manager	Invoices will be formally approved by budget holder, signed and dated	Weekly
	Over £10,000	Principal, Budget Holders (Headteacher), CFO	Invoices will be formally approved by budget holder, signed and dated	Weekly

Payment by cheque or BACs	Any Value	Two signatories required from either of the Principal, CFO or a Member of the MAT Senior Leadership Team	Individual payments to any supplier to the value of £20,000 need to be signed by two individuals in the delegated authority column. Cheques or payment notifications, must be accompanied by supporting documentation	As necessary
Standing orders and direct debits	Any Value	Two signatories required from either of the Principal, CFO or a Member of the MAT Senior Leadership Team	Individual payments to any supplier to the value of £20,000 need to be signed by two individuals in the delegated authority column. Cheques or payment notifications, must be accompanied by supporting documentation	As necessary
Liabilities and Write-Offs	1% of total annual income or £45,000 (whichever is smaller) per single transaction. Cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any ATs that have not submitted timely, unqualified financial returns for the previous two financial years. This includes new academies that have not had the opportunity to produce two years of financial statements Cumulatively, 5% of total annual income in any one financial year per category of transaction for any ATs that have submitted timely, unqualified financial returns for the previous two financial years	Principal	Anything above these limits must be approved by Secretary of State through the ESFA	Annual
Purchase or sale of any freehold property	Any	EFA approval required	Annual	Annual
Granting any leasehold or tenancy agreement	Any	EFA approval required	Annual	Annual
Taking up any leasehold or tenancy agreement for more than three years	Any	EFA approval required	Annual	Annual

Wages and Salaries

Role	Value	Delegated Authority	Method	Review Period
Appointment of Staff	Support Staff	Headteacher, CFO, Senior Finance Officer, Central HUB Senior Team	All schools have an agreed staffing structure. Vacancies which occur will never be automatically replaced, a full consideration of requirements will be conducted. Financial viability of all advertised positions will be taken into account. Approval would need to be sought from the Principal on any changes to the staffing structure.	Annual
	Teaching Staff	Headteacher, CFO	As above. Where there is a need to recruit due to increase in pupil numbers or a new service, these must be fully costed and viable. Approval would need to be sought from the Principal on any changes to the staffing structure.	Annual
	Leadership Staff	Principal, Headteacher and CFO	As above. Where there is a need to increase leadership capacity, the financial impact must be fully costed and viable. Approval would need to be sought from the Principal on any changes to the agreed staffing structure.	Annual
	Principal	MAT Board/Members	The MAT Board and Members will deal directly with this appointment.	As necessary
Variations to contracts, dismissals, secondments, Setting salary pay grades/ranges	Salary Grades and Ranges	MAT Board	Organisational structures already in place which incorporate salary grades/ranges. Teaching staff grades will be reviewed annually in line with the STPCD. For support staff current ranges are approved via the standardised Job descriptions which followed Job Evaluation. New positions where job description are	

			required will be processed via the local unions consultative board.	
	Variations to contracts	Principal, Headteachers, CFO, Senior Finance Officer and Central HUB Senior Team	Individual contracts can be amended to support either business need or staffing requirements. This will also include secondments	
	Dismissals	Principal, Headteacher, CFO, Appeals will be heard by the Pay Review Committee.	These will be supported by external HR Service. Academy Trust has adopted HR policies the following policies in order to ratify processes: <ul style="list-style-type: none"> • Disciplinary Policy, • Harassment and Bullying Policy, • Managing Attendance at Work Policy, • Performance Improvement Policy 	
Payroll Processing		CFO, Senior Finance Officer and Central HUB HR Team	Monthly payroll check identifying any necessary changes or adjustments. Monthly payroll and any changes must be authorised and signed off on by the Principal. Payroll reports and payments made will be checked and agreed by the CFO on a monthly basis.	Monthly
Authorising Travel & Subsistence		Principal, Headteachers, CFO, Senior Finance Officer and Central HUB Senior Team	Staff should be submit expense claims within one calendar month. This should be signed by the line manager of the staff member.	Monthly
Contracts of employment		CFO, Central HUB HR Team	All employee contracts need to be kept up to-date. Any contract changes need to be authorised by the appropriate authority level as per (Appointment of staff) authority and filed in the staff members file. These contracts will be periodically checked by the responsible officer and the auditors.	As required

Assets

Fixed asset register	£2,000	Business manager or on site ICT staff member	All assets to the value of £2,000 either individually or as a group will need to be recorded in the asset register	Monthly and annually
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