

# Scheme of Delegation of Financial Powers

Audience:	REAch2 Staff Local Governing Bodies Cluster Boards Trustees
Ratified:	REAch2 Trust Board 14th December 2023
Other related policies:	Academy Trust Handbook (ESFA document) Anti-Fraud, Bribery and Corruption Policy Charging and Remissions Policy Donations and Fundraising Policy Gifts, Hospitality and Anti-Bribery Policy Staff Expenses Policy and Procedure Non-Staff Expenses Policy and Procedure REAch2 Financial Procedures Tendering and Procurement Policy
Policy owner:	Chris Perry, Chief Finance Officer
Next Review:	September 2024

At REAch2, our actions and our intentions as school leaders are guided by our Touchstones.



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## Overview

As set out in The Academy Trust Handbook, the board of a Multi Academy Trust cannot delegate overall responsibility for the academy trust's funds. However, it **must** approve a written scheme of delegation of financial powers that maintains robust internal controls. The scheme of delegation should be reviewed annually, and immediately when there has been a change in trust management or organisational structure.

## Definitions

**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 value for money and cost effectiveness.

## Policy in detail

### Roles and Responsibilities

#### The Trust Board

The Board of Trustees is ultimately responsible for proper stewardship of the Trust's funds and for ensuring economy, efficiency and effectiveness in their use, the three key elements of value for money. However, responsibility is delegated under the REAch2 Scheme of Delegation to the Finance & Resources committee, Cluster Boards and Local Governing Bodies (LGB) for ensuring that funds are effectively managed and that all relevant guidance on accountability and propriety is taken into account.

All individuals with governance roles in the Trust should also be aware of the statutory duties of company directors, which are set out in the Companies Act and include the duties to:

- act within their powers
- promote the success of the company
- exercise independent judgement
- exercise reasonable care, skill and diligence
- avoid conflicts of interest
- not to accept benefits from third parties
- declare interest in proposed transactions or arrangement

### **The Finance & Resources Committee**

The Finance & Resources Committee meets at least termly to provide overall scrutiny and challenge over all aspects of finances across the Trust. Its responsibilities include:

- to develop a financial strategy for the Academy Trust and consider policies, procedures or plans required to realise such strategy
- to receive Academies' budgets for approval from the Cluster Boards
- to monitor any variances from the Trust budget and ensure the ESFA is notified as required
- to oversee preparation of the annual financial statements by the executive, for review and approval by the Trust Board
- to review and check details of central/Trust contracts and purchases
- to authorise the award of central/Trust contracts and purchases, as necessary
- to review the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the LGB of the academy.

### **The Cluster Board**

The Cluster Board meets at least termly, and their duties include scrutiny and challenge back to schools over all aspects of finances across schools within its cluster. Its key responsibilities include:

- to scrutinise the Academies' budgets for recommendation to the Trust Board Finance & Resources Committee
- to monitor any variances from the Academies' delegated budget and consider any variances reported by the LGBs to the Cluster Board for approval
- to monitor and review income and expenditure on a regular basis and ensure compliance with the overall financial plan for the cluster, drawing any matters of concern to the attention of the Trust Board Finance & Resources Committee
- to authorise expenditure at exceptional levels as defined in the financial scheme of delegation (part of the Trust's suite of core policies)
- to monitor and review procedures for ensuring the effective implementation and operation of financial procedures, where appropriate to make recommendations for improvement

### **The Local Governing Body (LGB)**

The LGB has discretion over its use of the Trusts funds allocated to its school.

The LGB is specifically responsible for ensuring that the funds are used in accordance with: the law; the local governing body's powers under the Funding Agreement (including the articles of association which set out the powers of the Trust and its governance arrangements); and the Academy Trust Handbook.

In the Trust governance standard model, the LGB meets at least termly but more frequent meetings can be arranged if necessary. The main financial responsibilities of the LGB include:

- to appoint a local governor responsible for Finance
- to recommend the annual budget of the academy to the Cluster board
- to approve staff pay and annual increments
- to monitor income, expenditure and cash flow of the academy
- to ensure proper financial controls are in place at the academy
- to maintain a register of LGB members' business and personal interests
- to ensure provision of free school meals to those pupils meeting the criteria
- to enter into contracts up to the limits of delegation and within an agreed budget
- to support the Trust Board in its monitoring and evaluation of the delivery of any central services/functions provided/procured by the Academy Trust
- to review and action any internal audit reports ensuring that financial procedures and controls are always adhered to.

### **Accounting Officer**

The law places overall responsibility and accountability for the educational outcomes and financial diligence of the Trust firmly with the Trustees and the Chief Executive Officer (CEO) is the Accounting Officer. The Accounting Officer is personally responsible to Parliament and to the Accounting Officer of the Education and Skills Funding Agency (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 **day-to-day** financial responsibility has been delegated to the Head Teacher (HT) and Central teams but the Chief Executive (**Accounting Officer**) still retains responsibility for:

- 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.

### **Review**

The Scheme of Delegation of Financial Powers will be reviewed annually or sooner, taking into account any legislative changes and the latest guidance issued by the Education and Skills Funding Agency (ESFA).

Any changes made to this document will be communicated to all relevant stakeholders.

## Scheme of Delegation

### Budgeting and Reporting

Role	Value	Delegated Authority	Method	Review Period
Budget setting process		Director for Education / Deputy Director of Education / Executive Head Teacher/ Head Teacher/ Head of School	Agree academy improvement priorities for the coming year	Annual
		Head Teacher	Draft a budget plan	Annual
		Director for Education / Deputy Director of Education / Head Teacher	Agree a budget plan	Annual
		Governing Body	Recommend a draft Budget to the Cluster Board to review.	Annual
		Cluster Board	Recommend the draft Budget to the Trust Board Finance & Resources Committee for approval.	Annual
Budget holders' responsibilities	As per the individual budgets set	Head Teacher/ Budget Holder	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

Role	Value	Delegated Authority	Method	Review Period
Month end procedures		Central Finance team	All transactions to be processed and reconciled for the timely checking and production of the monthly reports.	Monthly
ESFA Reporting		Central Finance Team	As required by the ESFA.	As necessary to ensure compliance



## Expenditure

Role	Value	Delegated Authority	Method	Review Period
General expenditure (Also check the Purchase Order section for additional controls)	£5,000 and over	Director for Education / Deputy Director of Education – See Purchase order section for details of delegated authority limits	Authorisation should be documented.	As necessary
Estates Project consent form (Also check the Purchase Order section for additional controls)	Up to £25k Director for Education  Over £25k Cluster Board	Estates Team approval	School to complete documentation and send to Estates Team for approval prior to expenditure commitment.  This process is in addition to the normal approval process for expenditure	As necessary
ICT expenditure (Also check the Purchase Order section for additional controls)	Up to £10k          Over £10k	Head Teacher – It is advised that any expenditure is supported by a review from the Central IT Team to ensure best value, suitability of products, warranty t&c's etc.      IT Team & Head Teacher must both approve	Prior written approval from the Head of IT is required for all ICT expenditure.  A project consent form must be completed by the school and reviewed/approved by Head of IT prior to order being placed.  This process is in addition to the normal approval process for expenditure.	As necessary

## Income

Role	Value	Delegated Authority	Method	Review Period
Collection and receipt of cash and cheques	Any	Office Co-ordinator or delegated Administration Assistant	Cash must be receipted by the person with delegated authority and recorded accurately. All on site cash and cheques must be locked in the safe until banking	Daily
Sales invoices		Head Teacher	Head Teacher to authorise the issuing of sales invoices within 30 days of the goods being supplied or the service carried out.	As required
Banking of cash and cheques	Any	Office Co-ordinator or delegated Administration Assistant	Cash and cheques should be banked on a regular basis (at least fortnightly) and should not be allowed to accumulate above £3,000. Banking should be checked and agreed by another member of staff before being banked and should relate back to receipts issued.	As required

Role	Value	Delegated Authority	Method	Review Period
Reconciliation of bank accounts		Central Finance team	Bank accounts should be reconciled at least on a monthly basis by someone other than the person doing the banking.	Monthly

## Purchases and Payments

Role	Value	Delegated Authority	Method	Review Period
Purchase orders  (Also check the Expenditure section for additional controls)	Up to £2,000	Head Teacher/ Budget holder	Wherever possible, orders should be placed with approved suppliers. . 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.	Monthly
	£2,001 to £5,000	Head Teacher	As above and three quotes must be obtained. These can include both written and verbal and evidence of the quotes must be retained.	Monthly
	£5,001 to £10,000	Director for Education / Deputy Director of Education and Head Teacher	As above however minimum three quotes must be written and notified to the LGB with evidence retained.	Monthly

Role	Value	Delegated Authority	Method	Review Period
	£10,001 to £25,000	Director for Education / Deputy Director of Education and HT and LGB approval	As above however minimum three quotes must be written and notified to the Cluster Board.	Monthly
	Over £25,000	Cluster Board approval	Formal tendering process, including publication as necessary	Monthly
	Exemptions for purchase orders		Schools do not need to raise purchase orders for utility costs (i.e. electricity, gas, water).  Other exemptions can only be granted by the Chief Finance Officer of the Trust.	
Payment by cheque		Chief Finance Officer, Senior Financial Accountant, Management Accountant	Not to be used unless exceptional circumstances.	
Payment by BACs		Chief Finance Officer, Senior Financial Accountant, Management Accountant	Payments are prepared by the central finance team and are authorised in line with the Financial Scheme of Delegation.  Payment authorisation is retained by the central finance team.	

Role	Value	Delegated Authority	Method	Review Period
Charge Card	Limited to £5k	Head Teacher/ Office Coordinator/ Director for Education / Deputy Director of Education / Finance Business Partner	The cardholder must keep their card safe when not in use. All transactions must be supported by a detailed receipt. Orders should be placed only by card holder. Reconciliation should be checked by someone other than the person who places the orders.  This card must not be given to other staff members for the purchasing of items.	Monthly
Standing orders and direct debits	as per limits for BACs payments	as per limits for BACs payments	as per limits for BACs payments	As necessary
Liabilities and Write-Offs	The delegated limits, subject to a maximum of £250,000 are: <ul style="list-style-type: none"> <li>1% of total annual income or £45,000 (whichever is</li> </ul>	Head Teacher / Director for Education	Anything above these limits must be approved by Secretary of State through the ESFA	Annual

Role	Value	Delegated Authority	Method	Review Period
	<p>smaller) per single transaction.</p> <ul style="list-style-type: none"> <li>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</li> </ul>			

Role	Value	Delegated Authority	Method	Review Period
	years of financial statements <ul style="list-style-type: none"> <li>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.</li> </ul>			
Gifts and hospitality (See the Gifts & Hospitality policy for more information)	£20	Line manager approval	A declaration form needs to be completed for any gifts provided or received and logged in the hospitality register.	As necessary



Role	Value	Delegated Authority	Method	Review Period
A contract which involves, or may involve a TUPE transfer	Any	Director of HR approval	Please engage the HR team ASAP	As necessary
A contract which involves a guarantee or indemnity to a third party, or automatically renews	Any	Chief Finance Officer approval Note: ESFA approval may also be required	Please engage the Procurement team ASAP	As necessary
Taking out any lease	Any	Approval from the Central Finance team.  If the lease is a Finance lease, ESFA approval will be required	Written authorisation (email) is required.	As necessary
Purchase or sale of any freehold property	Any	ESFA approval required		As necessary
Granting any leasehold or tenancy agreement	Any	ESFA approval required		As necessary
Taking up any leasehold or tenancy agreement for more than three years	Any	ESFA approval required		As necessary

## Wages and Salaries

Role	Value	Delegated Authority	Method	Review Period
Appointment of Staff	Up to Senior Leadership Team	Head Teacher  For cost changes greater than 10% of the previous post holder, DDoE approval is also required.	The role has been included in the schools budget, will not cause the school to go into deficit and reflects an pre-approved role or replacement of an existing role.	Annual
	Deputy Head Teacher	HT and Director for Education or Deputy Director of Education	The role has been included in the schools budget, will not cause the school to go into deficit and reflects an pre-approved role or replacement of an existing role.	Annual
	Head Teacher	Director of Education	The role has been included in the school's budget, will not cause the school to go into deficit and reflects a pre-approved role or replacement of an existing role. Approval to allow a contract / offer to be issued remains with the Executive team.	Annual
Payroll Processing		Chief Finance Officer to authorise Trust payroll and associated payments	School to advise of any necessary changes or adjustments. The Central Payroll team will authorise the monthly	Monthly

		Central Payroll team to approve school payroll details	payroll based on the information provided	
Bonuses, settlement agreements, relocation expenses and other one-off staff payments		Director of HR	Any payments which are not specifically listed in an employee's contract of employment must be approved.  The Trust does not provide employee loans. a	
Contracts of employment		Central HR Headteacher	From April 2020 all employees need a contract on their first day.  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

Role	Value	Delegated Authority	Method	Review Period
Fixed asset register	£500	Central Finance team	All assets to the value of £500 either individually or as a group will need to be recorded in the asset register.	Monthly and annually
Disposal of fixed assets	Any – if the asset still holds a value on the fixed asset register	Head Teacher up to a value of £2,000 Governing Body up to a value of £10,000 Cluster Boards of any value over £10,000	Email to central finance team. Entry to be made on the fixed asset register showing the method of disposal i.e. sale or destroy and the sales value if the item was sold or estimated value if the item was destroyed	Monthly and annually