

Reach South Multi Academy Trust

SCHEME OF DELEGATION OF FINANCIAL POWERS

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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 bodies 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 MAT 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 academies success;
- exercise independent judgement;
- exercise care and skill; and
- avoid conflicts of interest.

The Finance Committee

The Finance Committee is a committee of the governing body. The Finance Committee meets at least once a term but more frequent meetings can be arranged if necessary. The main responsibilities of the Finance Committee 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 academies 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 Head Teacher and Business Manager but the Executive Director retains responsibility for:

- approving senior staff appointments within the authorised establishment;
- 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;

The Responsible Officer

The Responsible Officer (RO) is appointed by the governing body and provides governors with an independent oversight of the academies 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 Academy Trust. A report of the findings from each visit will be presented to the Risk and Audit Committee and the individual school LGB.

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:** this is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge, the avoidance of waste and extravagance, and prudent and economical administration. A key objective is to achieve value for money not only for the academy trust but also for taxpayers more generally.

Budgeting and Reporting

Role	Value	Delegated Authority	Method	Review Period
Budget setting process		Executive Director and Head Teacher	Agree academy improvement priorities	Annual
		Academy Head Teacher and School Business Manager	Draft budget plan	Annual
		Executive Director and Head Teacher	Agree budget plan	Annual
		Governing Body	Approve budget plan for submission to the MAT	Annual
		MAT	<p>Approve or reject budget after applying the following checks:</p> <ol style="list-style-type: none"> 1. That the Trust's contingency KPI has been reflected in the budget. 2. There is an in year surplus in each year of the long-term budget plan. 3. Where there is an in year or accumulative deficit budget, this must be addressed by submitting a robust budget recovery plan to the Trustees. <p>If the MAT board require the Governing Body to reconsider the budget, then the MAT Board must provide a full explanation to the Governing Body of its reasons and the timescales by which an</p>	Annual

			<p>alternative budget should be provided.</p> <p>If the MAT Board has lost confidence in the ability of the Governing Body to set a budget that meets with the above requirements, it will provide a full written explanation to the Local Governing Body for its judgement. Under these wholly exceptional circumstances, the MAT Executive Director will take responsibility for recommending a budget plan to the board.</p>	
Budget holders responsibilities	As per the individual budgets set	Head Teacher, 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

Role	Value	Delegated Authority	Method	Review Period
Monthly Management Accounts		School Business Manager and Head Teacher in conjunction with Regional Business Manager	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 £10,000	Head Teacher/Executive Director	Must be disclosed to the Local Governing Body Finance Committee.	As necessary
	Over £10,001	Local Governing Body & Chief Financial Officer	Must be approved by the Local Governing Body Finance Committee.	As necessary
ESFA Reporting		Head Teacher, Executive Director/Accounting Officer in conjunction with Central Finance and Reach South Auditors	An annual Financial Reporting Timetable will be released by the ESFA and dates and requirements will be included on this timetable.	As necessary to ensure compliance

Income Role	Value	Delegated Authority	Method	Review Period
Collection and receipt of cash and cheques	Any	School Business Manager or delegated Administration Assistant	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	Business Manager	All sales invoices must be processed through the financial management system, and issued in a timely manner.	As required
	£15,001 to £100,000	As above, plus Head Teacher	Head Teacher to authorise the issuing of sales invoices above £15,001, and then as above.	As required
	Over £100,001	Finance Committee	Finance committee to approve the issuing of sales invoices above £100,001, and then as above.	As required
Banking of cash and cheques	Any	School Business Manager or delegated Administration Assistant	Cash and cheques should be stored in a safe and banked on a weekly 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 relate back to receipts issued.	As required
Reconciliation of bank accounts		This duty is performed by the Reach South Central Finance Team.	The MAT bank account will be reconciled at least on a monthly basis. Bank reconciliations should then be signed, dated and filed.	Monthly
Petty Cash	N/A	Petty Cash is not permitted.		

Purchases and Payments

Role	Value	Delegated Authority	Method	Review Period
Purchase orders	Up to £1,000	School Business Manager and Budget Holders	Orders should be placed with approved suppliers unless agreed otherwise with the School Business Manager. Orders should be written on approved purchase order proforma and authorised before being processed in the financial management system, and before the order is placed with the supplier. Approved paper based orders should be entered into the financial management system by someone other than the person who approved the order.	Monthly
	£1,001 to £5,000	Head Teacher, Deputy Head Teacher and School Business Manager	As above and three quotes must be obtained. These can include both written and verbal.	Monthly
	£5,001 to £10,000	Head Teacher and Deputy Head Teacher	As above, however a minimum of three quotes must be written.	Monthly
	£10,001 to £25,000	Head Teacher and Deputy Head Teacher with notification to the MAT	As above, however a minimum of three quotes must be written.	Monthly
	Over £25,000	MAT	Formal tendering process, including advertising in OJEU if appropriate.	Monthly
Payment by BACs	Up to £20,000	Head Teacher and two signatories from the Central Finance Team	Academy payment proposals to be signed by the Head Teacher. Payment processed by two signatories from the Central Finance Team.	As necessary

Role	Value	Delegated Authority	Method	Review Period
	£20,001 to £100,000	As above plus an Executive Director.	Payment notification must be accompanied by authorised supporting documentation.	As necessary
	Above £100,000	As above plus Chief Executive.	Payment notification must be accompanied by authorised supporting documentation.	As necessary
Credit Card	Limited to £1,000	Head Teacher.	Must be kept in the safe when not in use. All transactions must be supported by a receipt. Orders should be placed only by the cardholder. Reconciliation should be checked by someone other than the person who places the orders.	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	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.	Head Teacher/Executive Director	Anything above these limits must be approved by The Secretary of State through the ESFA.	Annual

Role	Value	Delegated Authority	Method	Review Period
Purchase or sale of any freehold property	Any	ESFA approval required		Annual
Granting any leasehold or tenancy agreement	Any	ESFA approval required		Annual
Taking up any leasehold or tenancy agreement for more than three years	Any	ESFA approval required		Annual

Wages and Salaries

Role	Value	Delegated Authority	Method	Review Period
Appointment of Staff	Up to senior leadership team	Head Teacher		Annual
	Senior Leadership Team	Head Teacher & Executive Director		Annual
	Deputy Head Teacher	Executive Director		Annual
	Head Teacher	Chief Executive Officer		Annual
Changes to Employment Contracts	Any	Central HR Team		Annual
Payroll Processing		School Business Manager and Head Teacher	School Business Manager to check monthly payroll and make any necessary changes or adjustments. Monthly payroll and any changes must be authorised and signed off by the Head Teacher. Payroll reports and payments made will be checked and agreed by the School Business Manager on a monthly basis.	Monthly
Contracts of employment		School Business Manager or delegated administration assistant	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) 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	£2,000	School 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