

# Tithe Academy

## Scheme of financial delegation 2018/19

This document outlines:

- Financial responsibilities
- Scheme of financial delegation (including a summary matrix)

Approved by: Board of Trustees

Approved on: 16.10.18

Review date: Autumn 2019

Responsibility for review: Chief Executive

## **1 Introduction and statement of intent**

1. The purpose of these financial procedures is to ensure that the Academy Trust adopts systems of financial control that conform to the requirements both of propriety and good financial management. It is essential that these systems operate properly to meet the requirements of the Funding Agreement, Academies Financial Handbook, and company and charity law.

## **2 Scope and applicability**

2. This policy applies to all Members, Trustees, Governors and Staff.
3. Staff with regular involvement with financial systems and procedures must be familiar with the contents.

## **3 Financial responsibilities**

4. The scheme of delegation (outlined in Appendix 1: Scheme of Financial Delegation and Appendix 2: Delegation Matrix) is designed to guide Members, Trustees, Governors and Staff in the exercise of their duties.
5. The system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:
  - comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
  - regular reviews by the Local Governing Bodies of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
  - setting targets to measure financial and other performance;
  - clearly defined purchasing (asset purchase or capital investment) guidelines;
  - delegation of authority and segregation of duties;
  - identification and management of risks.

## **4 Appendices**

Appendix 1: Scheme of Financial Delegation

Appendix 2: Delegation Matrix

## Appendix 1: Scheme of Financial Delegation

### Board of Trustees

1. Board of Trustees is responsible for the financial performance of the Trust, although it may delegate responsibilities to the Local Governing Body and / or individual staff to ensure that matters can be dealt with in appropriate detail and with sufficient frequency. The establishment of a committee, or delegation of powers, does not absolve the Board of Trustees of its overall responsibility to manage the finances of the academy trust.
2. The Board of Trustees is responsible for:
  - a. Approving the scheme of delegation, the scheme of financial delegation, and financial regulations, and reviewing them annually, to ensure that it satisfies the Board of Trustees' ultimate responsibility for ensuring that there are adequate operational controls in place for all financial processes within the academy trust
  - b. Approving banking arrangements
  - c. Making appropriate arrangements for audit assurance
  - d. Receiving any audit inspection report and approving any associated action plan
  - e. Approving the financial accounts
  - f. Approving the initial budget each financial year
  - g. Ensuring appropriate insurance arrangements are in place to meet the requirements of the ESFA
  - h. Receiving information from Local Governing Bodies as appropriate
  - i. Determining appropriate virements (as set out in the Delegation Matrix)
  - j. Approving and reviewing appropriate contracts (as set out in the Delegation Matrix)
  - k. Writing off debts or liabilities, or authorising ex-gratia payments, in line with limits set in the Scheme of Delegation and Academies Financial Handbook
  - l. Authorising land disposals in accordance with the Academies Financial Handbook and ESFA
  - m. Authorise and manage the approach to investing any surplus funds(as set out in the Delegation Matrix)

### Local Governing Body

3. The Local Governing Body exercises the powers and duties of the Board of Trustees in respect of the financial management / administration of the school(s) that it is responsible for, in accordance with the Scheme of Delegation and this Scheme of Financial Delegation.
4. The Local Governing Body is responsible for:
  - a. Ensuring effective budgetary control, including through receiving reports on the financial position at each meeting and authorising (or recommending to the Board of Trustees as appropriate) necessary actions
  - b. Receiving any audit inspection report and ensuring the production of a resulting action plan
  - c. Receiving audit assurance reports from the External Auditor and ensuring any necessary recommendations are implemented
  - d. Ensuring production of the financial accounts in accordance with company, charity and ESFA requirements
  - e. Preparing the initial budget each financial year
  - f. Determining appropriate virements (as set out in the Delegation Matrix)
  - g. Approving and reviewing appropriate contracts (as set out in the Delegation Matrix)
  - h. Reviewing and approving policies as set out in the Scheme of Delegation

### Extended Audit Assurance

5. The Board of Trustees must review the risks to internal financial control and must agree a programme of work that will address these risks, to inform the governance statement that accompanies the trust's annual accounts
6. The Board of Trustees must manage this programme of risk review by making arrangements for the performance of a supplementary programme of extended assurance work.

### Chief Executive (CEO)

7. The Chief Executive (CEO) is the Accounting Officer and is responsible for:
  - a. Signing contracts on behalf of the Board of Trustees
  - b. Determining appropriate virements (as set out in the Delegation Matrix)
  - c. Approving appropriate contracts (as set out in the Delegation Matrix)
  - d. Acting as a cheque signatory / payment authoriser (as set out in the Delegation Matrix)
  - e. Approving orders
  - f. Approving new staff appointments (besides any that require Governor and Trustee decisions)

### Director of Business

8. The Director of Business will act as the Chief Finance Officer and works in close collaboration with the CEO through whom s/he is responsible to the Trustees. The Director of Business also has direct access to the Trustees and Governors via the Board of Trustees and Local Governing Bodies.
9. The main financial responsibilities of the Director of Business are:
  - a. the management of financial issues including the establishment and operation of a suitable accounting system;
  - b. the management of the academy trust's financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees;
  - c. the establishment and operation of effective systems of internal control;
  - d. ensuring that the annual accounts are properly presented and adequately supported by the underlying books and manual and computer records of the academy trust;
  - e. the preparation of monthly management accounts prepared on an accruals basis;
  - f. authorising contracts and orders within the limits set down in the current Scheme of Delegation and Scheme of Financial Delegation in conjunction with budget holders;
  - g. authorising payment as appropriate;
  - h. ensuring forms and returns are sent to the DfE / ESFA in line with the timetable in the ESFA guidance;
  - i. Ensuring that VAT is recovered accurately and promptly;
  - j. Ensuring that banking arrangements adequately meet the needs of the academy trust;

- k. Ensuring that cash-flow within the academy trust meets all academy trust financial obligations.

10. In greater detail, the Director of Business is responsible for:

a. Accounts

- The management and operation of financial processes within the academy trust, ensuring that adequate operational controls are in place and that the principles of internal control are maintained.
- Ensuring that full, accurate and up to date records are maintained in order to provide financial and statistical information and that the figures have been reconciled with each academy's bank account.
- Prepare annual accounts in compliance with legal and DfE / ESFA requirements.

b. Audit

- Ensuring that all records and documents are available for audit by the chosen auditor and arrange for the required accommodation of the auditors.
- Leading the audit process for the academy trust.
- Leading the extended assurance process for the academy trust.

c. Banking Arrangements

- Maintaining proper records of account.
- Maintaining banking mandate arrangements.
- Producing monthly reconciled bank statements.

d. Budgets/Budgetary Control

- Regular monitoring of expenditure and income against the approved budget and submitting reports on each academy's financial position to every meeting of the Local Governing Bodies. Any actual or potential overspending shall be reported to respective Local Governing Bodies.
- Ensuring that all required reports and closing of accounts information is sent to the Board of Trustees and ESFA within the required timescales.
- Preparing an annual and medium term budget plan for consideration by the Board of Trustees and respective Local Governing Bodies before the start of the relevant financial year.

e. Contracts

- Exercising the following powers and duties on behalf of the Board of Trustees and Local Governing Bodies:
  - Ensuring that all contracts and agreements conform with the Procurement and Financial Regulations;
  - Acceptance of quotations;
  - Receipt and custody of all tenders;
  - Authorisation of senior members of staff to open tenders;
  - Signing contracts on behalf of the Board of Trustees and Local Governing Body (as set out in the Delegation Matrix);
  - Maintaining a register of formal contracts entered into, amounts paid and certificates of completion;
  - Retention of quotes obtained for goods, works and services;
  - Signing certificates where contracts require that interim and final payment are made

- o on such certificates;
- o Ensuring that the requirements of the Construction Industry Scheme are adhered to where applicable

f. Income

- Ensuring the arrangements for collection of income are in accordance with the Financial Regulations;
- Ensuring that all income is accurately accounted for and is promptly collected and banked intact;
- Ensuring that all receipt forms, books, tickets and other such items shall be ordered and issued in a form approved by the auditors and the ESFA;
- Reporting debts to the Board of Trustees and respective Local Governing Bodies

g. Information and communication systems

- All necessary consultations in respect of the introduction of any new information and communication system, or the development of an existing system.
- The standards of control for such systems in operation within the Trust to include the use of properly licensed software, and for the security and privacy of data in accordance with the Data Protection Act.

h. Insurances

- Researching and recommending insurance arrangements to the respective Board of Trustees that meet the requirements of the academy trust and the ESFA.

i. Lettings

- Varying lettings charges if/when it is considered necessary. The Board of Trustees shall be informed of any variation to the agreed scale of charges.
- Ensuring the correct administration of lettings.

j. Orders for goods, works and services

- Ensuring that arrangements for the ordering of goods, works and services are in accordance with the Financial Regulations and Procedures.
- Authorising members of staff to order or receive goods and certify invoices for payment, ensuring the appropriate division of these duties between the staff. A record must be maintained of such authorisations.
- Ensuring that all orders are processed using the Corero Finance system and following the purchasing guidelines with the appropriate authorisations in place
- Approving orders.

k. Payments

- Ensuring the arrangements for processing payments are in accordance with the Financial Regulations and Procedures.
- Ensuring that all correct invoices are duly certified by authorised staff before payments are made.
- Ensuring that invoices, vouchers and other records are retained and stored in a secure way and are readily available for inspection by authorised persons.

l. Salaries, Wages and Pensions

- Ensuring the payroll provider is notified of all new, discontinued or changed staff contracts and circumstances that impact on payroll.

- Ensuring the arrangements for processing salaries, wages and pensions are in accordance with the Financial Regulations.
- Authorising members of staff to certify pay documents and time records, maintaining a record including specimen signatures of such authorised staff and sending a copy to the payroll provider.
- Collecting any monies advanced to a member of staff

#### m. Security of Assets

- Ensuring the arrangements for security of assets are in accordance with the Financial Regulations and Procedures.
- Ensuring that proper security is maintained at all times for all buildings, furniture, equipment, vehicles, stocks, stores, cash, information and records etc. under his/her control.
- Ensuring inventories are maintained in accordance with the instructions in the Financial Procedures, of all items of furniture, equipment, vehicles and plant. The inventory record, whether manual or computerised, shall be a permanent and continuous record.
- Where appropriate, arranging for the security marking of such items.
- Arranging for annual independent checks and certification of stock and inventory records, in accordance with the instructions in the Financial Procedures.
- Authorising the write off of any deficiencies of individual stock and inventory items with original purchase values up to £500. Where the original purchase value is not available, the current market value should be used. All such write offs should be in accordance with the Financial Procedures and be formally reported and minuted at the following respective Local Governing Body meeting.
- Authorisation, in accordance with the instructions in the Financial Procedures, of the disposal of individual items of equipment and materials that have become surplus to requirements, unusable or obsolete with a realisable value of less than £500. All such authorisations should be in accordance with the Financial Procedures and be formally reported and minuted at the following respective Local Governing Body meeting.
- Ensuring that keys to safes and other similar receptacles are held under the close personal security of responsible staff at all times.

#### n. Petty Cash

- Maintaining a petty cash balance at each academy that does not exceed £1000.

## Budget Holders

11. Budget holders are responsible for monitoring their own budgets with information provided on a regular basis by the finance team. Within their delegated budget they are responsible for:
  - a. Requisitioning goods and services that enhance the educational experience of students;
  - b. The receipt, care and safe custody and issue of stocks and stores;
  - c. Seeking out best value;
  - d. Completing and authorising requisitions using the Corero Web Portal;
  - e. Confirming the receipt of goods and services or any discrepancies to the finance team in a timely manner;
  - f. Authorising orders. The financial limits for the approval of orders can be found at Appendix 2;
  - g. Notifying the CFO of potential in-year pressures on resourcing;
  - h. Devising an annual / medium term departmental strategy including resourcing.

12. Budget holders must ensure that all goods and services are procured using a purchase order and must not use their own resources to obtain items for the academy trust.

### All Staff

13. All staff members are responsible for:

- a. the security of Trust property;
- b. avoiding loss or damage;
- c. ensuring economy and efficiency in the use of resources;
- d. conforming to the requirements of the Trust's financial regulations and procedures.

14. All staff must comply with the requirements of the Trust's financial regulations and procedures.



## Appendix 2: Delegation Matrix

Role	Cheque Signing / BACS Approval *	Petty Cash	Purchasing, Procurement and Contract Processing	Purchase Order Authorisation Limits	Waivers & Virements	Investments**	Write Offs
Board of Trustees			<ul style="list-style-type: none"> <li>Chair: Approve expenses of the CEO</li> <li>Approve staffing establishment</li> <li>Approve all orders and contracts above valued delegated to LGB or CEO for Trust-level expenditure</li> <li>Approve waivers requiring the specified number of quotations / tenders for contracts of any value</li> </ul> Approve annual staffing establishment		Over values delegated to LGBs	£100k and over	All Debts £500 and over
Local Governing Body			<ul style="list-style-type: none"> <li>Chair of LGB: Approve expenses of the Headteacher</li> </ul>	<ul style="list-style-type: none"> <li>Approve orders and contracts between Headteacher / CEO level and £100k (secondary schools) and £50k (primary schools)</li> </ul>	Up to: £100k Secondary School  £50k Primary School	Up to £100k	Debts up to £500

Role	Cheque Signing / BACS Approval *	Petty Cash	Purchasing, Procurement and Contract Processing	Purchase Order Authorisation Limits	Waivers & Virements	Investments**	Write Offs
Responsible Officer Role (Extended Assurance)		Audit as appropriate					
Chief Executive CEO / Accounting Officer (AO)	A/B		<p>Signs contracts on behalf of BoT and LGB</p> <ul style="list-style-type: none"> <li>Approve contracts up to £50k (CEO and secondary school Headteachers / Heads of School), up to £25k (primary school Headteachers and Heads of School)</li> <li>Approve staff expenses</li> <li>Approve establishment of new temporary staff posts</li> </ul> <p>Authorise monthly payroll in CFO absence</p>	<ul style="list-style-type: none"> <li>Approve purchase orders up to £50k (secondary school Headteachers / Heads of School), up to £25k (primary school Headteachers / Heads of School), unlimited for CEO</li> </ul>	<p>Up to:</p> <p>£25k Secondary School</p> <p>£10k Primary School</p> <p>Approve unlimited virements between staff budgets</p>		
Associate / Executive Headteacher	A		In lieu of Chief Executive in cases as required	In lieu of Chief Executive in cases as required	<p>Up to:</p> <p>£25k Secondary School</p> <p>£10k Primary School</p>		
Deputy Headteachers	A						

<b>Role</b>	<b>Cheque Signing / BACS Approval *</b>	<b>Petty Cash</b>	<b>Purchasing, Procurement and Contract Processing</b>	<b>Purchase Order Authorisation Limits</b>	<b>Waivers &amp; Virements</b>	<b>Investments**</b>	<b>Write Offs</b>
Director of Business (Chief Finance Officer)	B		<p>Signs contracts on behalf of BoT and LGB</p> <p>Approve contracts up to £25k</p> <p>Leads procurement of contracts with a value of £50k and over (£100k works) (in association with budget holder)</p> <p>Ensure compliance with procurement regulations.</p>	Up to £20,000		Funds in Treasury account or in current account	Stock up to £500
Finance Manager		<p>Reconcile petty cash</p> <p>Maximum cash balance £1000</p> <p>Maximum petty cash payment £250</p>	<p>Approve contracts up to £10k</p> <p>Ensure contracts are compliant with Procurement Regulations</p> <p>Lead procurement of contracts with a value up to £50k (in association with budget holders)</p> <p>Ensure budget provision exists prior to raising any order</p>	Up to £500	Action approved virements		
Budget Holders (BH)			Ensure procurement process is appropriate for size of contract –	Up to £500			

<b>Role</b>	<b>Cheque Signing / BACS Approval *</b>	<b>Petty Cash</b>	<b>Purchasing, Procurement and Contract Processing</b>	<b>Purchase Order Authorisation Limits</b>	<b>Waivers &amp; Virements</b>	<b>Investments**</b>	<b>Write Offs</b>
			see advice from FM / DoB				

\* - Cheques on the official account will be signed by one person from Group A up to £10000, or two people for £10000 and above. BACS authorisation will follow the same model. Cheques on any unofficial account will be signed from one person from Group B. Authorised signatories must not sign a cheque / authorise a payment relating to goods or services for which they have also authorised the expenditure.

\*\* - investments do not include cash being held in the current account or any associated 'sweeping' facility.