




SCHOOLS COMPANY

Delegation of Financial Powers

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Signed  Chief Executive Officer

Date 11/10/2016

Terms of Reference

The Board of Academy Trust

The Board 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 board's powers under the Funding Agreement (including the articles of association which set out the powers of the AT and its governance arrangements;
- the Academies Financial Handbook.

The members of the board of the Academy 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:

- 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 Finance Committee

The Finance Committee is a sub-committee of the Board of Academy Trust. The Finance Committee currently sit within the Board of Academy Trust. 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 EFA guidance issued to academies;
- reviewing and checking details of contracts and purchases;
- authorising the award of contracts and purchases;
- reviewing the reports of Chief Accounting Officer and Internal Audit on the effectiveness of the financial procedures and controls. These reports must also be reported to the full Board of Academy Trust.

Accounting Officer

Within the framework of the academy development plan as approved by the Board of Academy Trust, the Executive Principal is the Accounting Officer and has overall responsibility for the academy's activities including financial activities.

The Executive Principal is responsible for:

- to develop and implement strategies that raise the quality of education and to report to the Board of Academy Trust on progress made against key targets set by the Board of Academy Trust
- to chair meetings of the senior management team so as to ensure continuity and coherence across the three campuses and through different phases of students' education.
- to manage the annual budget, ensure its effective delivery and to report performance to the Board of Academy Trust.
- to advise the Board on future budgetary requirements, fee rises and major capital projects.
- to implement an effective system of performance management insisting on the highest quality of teaching and learning and ensuring that these are continually monitored.
- to ensure that the school is properly marketed by communicating the school's ethos with enthusiasm and promoting the school's image to deliver on enrolment and retention targets.
- to manage the relationship and communication with parents.
- to ensure that the school is effectively prepared for inspections and evaluations and is compliant with all relevant regulations and has all necessary policies in place.

Chief Financial Officer

The Chief Accounting Officer is personally responsible to Parliament and to the Accounting Officer of the EFA 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 Chief Financial 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 Executive Principal, Finance Director, Finance Manager, MAT Accountant, Academy Principal and Business Manager but the Chief Financial Officer still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Board Members 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 EFA guidance issued to academies;
- completion of the accounting officer's statement on governance, regularity, propriety and compliance for inclusion in the MAT's annual report;
- authorising contracts;
- advising the Finance Committee on purchases and;
- signing cheques and authorising BACs payments in conjunction with the bank mandate.

Internal Audit

The Internal Auditor is appointed by the governing body and provides the Board of Academy Trust with an independent oversight of the academy's financial affairs. The main duties of the Internal Audit 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 Internal Audit functions will undertake a termly programme of reviews to ensure that financial transactions have been properly processed and that controls are operating as lay down by the governing body. A report of the findings from each visit will be presented to the Finance Committee.

The role of Internal Audit is currently perform by The MAT Accountant.

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 value and cost effectiveness.

Budgeting and Reporting

Role	Value	Delegated Authority	Method	Review Period
Budget Setting Process		Chief Executive Office and Board	Agree academy improvement priorities	Annual
		Principal and School Leadership Team (SLT)	Draft budget plan	Annual
		Executive Principal, Principal, CFO and Finance Manager	Agree budget plan	Annual
		MAT	<p>Approve or reject budget after applying the 'Balance Budget Golden Rules Tests'.</p> <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 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 the Balance Budget Golden Rules Tests', it will provide a full written explanation to the Governing Body for its judgement. Under these wholly exceptional circumstances, the MAT Directors will take responsibility for recommending a budget plan to the board.</p>	Annual

Role	Value	Delegated Authority	Method	Review Period
Budget holder's 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 Account		School Business Manager and Principal in conjunction with Finance Manager Monitoring by MIAT Accountant	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 Finance Timetable	Monthly
Budget Virement	Up to £1,000	School Business Manager	Must be disclosed to the Principal	As necessary
	From £1,001 to £5,000	Principal	Must be disclosed to the Executive Principal	As necessary
	From £5,001 15,000	Chief Financial Officer	Must be disclosed to the Finance Committee/CEO	As necessary
	From £15,001	Finance Committee	Must be disclosed to the TRUST OP's Board	As necessary
EFA Reporting		CFO in conjunction with The SchoolsCompany Trust Auditors.	An annual Financial Reporting Timetable will be released by the EFA 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 £20,000	School Business Manager	All sales invoices must be processed through the financial management system (Sage), and issued in a timely manner.	As required
	£20,001 to £100,000	Academy Principal	Principal to authorise the issuing of sales invoices above £15,001, inform CFO and as above.	As required
	Over £100,001	Finance Committee	Finance Committee to approve the issuing of sales invoices above £100,001, inform CFO and then as above.	As required
Banking of cash and cheques	Any	School Business Manager or delegated administration assistant	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 relate bank to receipts issued.	As required

Role	Value	Delegated Authority	Method	Review Period
Reconciliation of bank accounts		School Business Manager or delegated Finance Officer. Signed off by Finance Manager Monitoring by MAT Accountant	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		Finance Officer or delegated Administrative Assistant	Petty cash should be kept in a locked tin and stored in the school safe. Petty cash payments should be kept below £25. VAT 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 Manager or MAT Accountant.	Weekly

Purchases and Payments

Role	Value	Delegated Authority	Method	Review Period
	Up to £1,000	Budget Holders with SBM signed off	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.	Monthly
Purchase Orders	£1,001 to £5,000	School Business Manager with notification to Principal	As above and three quotes must be obtained. These can include both written, email and verbal. Please ensure records are filed for verification at a later date.	Monthly
	£5,001 to £15,000	Principal and Deputy Principal with notification to the CFO	As above. However, minimum three written quotes	Monthly
	£15,001 to £25,000	CFO with notification to the CEO/OP's Board	As above. However, minimum three written quotes	Monthly
	Over £25,000	OP's Board	Formal tendering process, including advertising in OJEU if appropriate	Monthly

Role	Value	Delegated Authority	Method	Review Period
Payment BACs	Up to £50,000	CFO	<p>Individual payments for invoices to any supplier need to be signed by two individuals in the delegated authority column at Academy level.</p> <p>Actual payment transmission to be made at MAT level electronically by BACS.</p>	As necessary
Payment BACs	£50,001 and above	Two authorise signatories' CFO & CEO	<p>Payments for invoices to any supplier need to be signed by two individuals in the delegated authority column at Academy level.</p> <p>Actual payment transmission to be made at MAT level electronically by BACS.</p>	As necessary

Role	Value	Delegated Authority	Method	Review Period
Charge Card	Limited to £15K	Principal, Deputy Principal and School Business Manager	<p>Must be kept in the safe when not in use.</p> <p>All transactions must be supported by a VAT receipt.</p> <p>Orders should be placed only by card holder.</p> <p>Reconciliation should be checked by someone other than the person who places the orders.</p>	Monthly
Standing orders and direct debits	As per limits for cheque or BACs payments	As per limits for cheque or BACs payments	<p>As per limits for cheque or BACs payments.</p> <p>All SO or DD must be registered and recorded in a file and inform MAT Accountant.</p>	As necessary
Liabilities and Write-Offs	<p>0.5% of total annual income or £22,500 (whichever is smaller) per single transaction.</p> <p>Cumulatively, 1% of total annual income on any one financial year per category of transaction for any academies that have not submitted timely, unqualified financial return for the previous two financial years. This include new academies that have not had the opportunity to</p>	CFO with notification to MAT Board	<p>Write-Off is not recommended.</p> <p>If write-off is necessary, please inform MAT.</p> <p>Anything above these limits must be approved by Secretary of State through the EFA</p>	Annual

	produce two years of financial statements. Cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academies that have submitted timely, unqualified financial returns for the previous two financial years.			
Purchase or Sales of any freehold property	Any	EFA Approval required		Annual
Granting any leasehold or tenancy agreement	Any	EFA Approval required		Annual
Taking up any leasehold or tenancy agreement for more than three years	Any	EFA Approval required		Annual

Wages and Salaries

Role	Value	Delegated Authority	Method	Review Period
Appointment of Staff	Up to Senior Leadership Team at Academy Level	MAT Board		Annual
	Deputy Principal	MAT Board		Annual
	Principal	MAT Board and CEO		Annual
Payroll Processing		School Business Manager and Finance Officer	School Business Manager to check monthly payroll and make any necessary changes or adjustments.	Monthly
		Signed off by Finance Manager Monitoring by MAT Accountant	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 Finance Manager and MAT Accountant on a monthly basis.	
Contract of employment		School Business Manager or delegated personnel / administration assistant	All employee contracts need to be kept up to date.	
		Signed off by Finance Manager Monitoring by MAT Accountant	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 MAT Accountant, Internal Audit and the auditors.	

Assets

Role	Value	Delegated Authority	Method	Review Period
Fixed Asset Register	£1,000	School Business Manager or on-site ICT Staff member	All assets to the value of £1,000 either individually or as a group will need to be recorded in the asset register.	Monthly and annually