

# SCHEME OF DELEGATION



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## **STATEMENT OF INTENT**

In accordance with the ESFA's 'Academy Trust Handbook 2023' (ATH), this document outlines the delegation of financial powers within New Haw Community School Trust.

The trust is committed to providing a high standard of education and care, whilst ensuring that value for money, high standards of financial propriety, compliance with the trust's legal responsibilities and efficient use of resources is achieved. The internal control systems outlined in this document will be implemented at all times with the aim of ensuring that the trust acts in an efficient and transparent manner.

Review of this Scheme of Delegation has been delegated to the Finance & Resources Committee who will be review and update it on an annual basis.

## **1. LEGAL FRAMEWORK**

This scheme of delegation has due regard to all relevant legislation and statutory guidance including, but not limited to, the following:

- ESFA (2023) 'Academy Trust Handbook 2023'
- The Companies Act 2006

This scheme of delegation operates in conjunction with the following policies:

- Pay Policy
- Gifts & Hospitality Policy
- Procurement & Tendering Policy
- Lettings Policy
- Finance Policy
- Charging & Remissions Policy
- Write Offs & Disposals Policy

## **2. RESPONSIBILITIES OF MEMBERS**

In regard to the trust's accounts, the members are responsible for appointing external auditors, other than where the Companies Act 2006 permits the trustees to appoint.

In accordance with the letter of engagement, the members will vote on any proposals to remove external auditors – reasons for removal must be provided.

## **3. RESPONSIBILITIES OF THE TRUSTEES**

- A written Scheme of Delegation will be approved by the trustees, ensuring that there are adequate operational controls in place for the financial processes within the trust.
- The trustees are responsible for ensuring that the trust is operating in accordance with the law, its articles of association, its charitable objects, its funding agreement and the ATH.
- The trustees are responsible for the proper stewardship of trust funds, including regularity and propriety, as well as for ensuring that value for money is achieved in order to maximise outcomes for pupils.
- Annual budgets will be ratified by the trustees after approval by the Finance & Resources committee and prior to the start of the new financial year.
- Budgetary control reports from the Finance & Resources committee will be discussed at least once a term.
- All capital plans for the trust, as recommended by the Finance and Resources Committee, will be received and approved by the board of trustees.
- A 'Register of Business & Pecuniary Interests' register will be maintained for all trustees, local governors and staff with financial responsibility.
- The board of trustees is responsible for the following:

### **External Audit**

- Appointing a CFO, and Finance & Resources Committee, to oversee financial scrutiny.
- Appointing external auditors where the Companies Act 2006 permits it to do so – see paragraph 2.1 – and notifying the ESFA when an auditor is removed or resigns.
- Receiving the reports of the findings of any external audit from the external auditor.
- Co-operating with external risk management auditors and implementing reasonable recommendations where necessary.
- Ensuring there is an appropriate, reasonable and timely response to the auditors findings.

### **Liaising with the ESFA**

- Seeking the ESFA's approval and meeting statutory requirements for any element of staff severance payment or compensation payment which is more than £50,000 above any contractual entitlement.
- Informing the ESFA if it suspects any irregularity affecting resources.
- Obtaining approval from the Secretary of State via the ESFA for the following transactions which are beyond the limits specified in the AFH:
  1. Additional funding
  2. Writing off debts and losses
  3. Entering into guarantees, letters of comfort and indemnities
  4. Acquiring freeholds
- Co-operating with the ESFA if they require financial information to help inform any audits of the trust.
- Keeping and declaring to the ESFA records pertaining to related party transactions, to highlight that all transactions have been conducted in accordance with the high standards of accountability and transparency.
- Seeking approval from the ESFA for ex-gratia payments.
- Notifying the ESFA if a deficit budget is proposed.
- Complying with any financial notices to improve.

### **Approval and authorisations**

- Approving whistleblowing procedures and ensuring individuals' rights to whistleblow. At least one trustee and one member of staff will be appointed for staff to report concerns to.

### **Scrutiny, review and oversight**

- Ratifying the review and approval of the budget forecast return output by the F&R Committee before the annual deadline for submission to the ESFA .
- Ratifying the review and approval of the three year budget forecast return by the F&R Committee before the annual deadline for submission to the ESFA.
- Maintaining complete, accurate and up to date records of all financial arrangements.
- Ensuring that the trust is following the recommended operational and internal controls provided by the board of trustees.

- Preparing and monitoring financial plans to ensure the health of the trust.
- Reviewing the trust's risk register and asset register on an annual basis.
- Reviewing financial reports prior to submission of the audited financial statements to the Secretary of State by 31<sup>st</sup> December each year.
- Reviewing all pay awards through delegation to the F&R Committee.
- Ensuring business continuity planning forms part of the risk management procedures.
- Ensuring sound internal control , risk management and assurance procedures are in place.
- Ensuring the protocol and requirements for managing related party transactions are followed and applied.
- Ensuring adequate insurance cover is obtained in compliance with legal obligations.
- Ensuring the governance statement – published alongside the annual accounts – meets the requirements of the ATH.

#### **Appointing an audit committee**

- The trust's audit committee function is undertaken by the Finance & Resources Committee.
- The Finance & Resources Committee directs the trust's programme of internal scrutiny and reports to the board of trustees on the quality of the trust's financial controls and risk management procedures.
- There are clear terms of reference in place which outline the role of the Finance & Resources Committee, including advising on the adequacy of financial and other controls and risk management arrangements in the trust. The committee also directs a programme of internal scrutiny and considers the results and quality of external audit.

#### **Appointing staff**

- Appointing a senior executive officer , who will also be the trust's accounting officer.
- The board of trustees will delegate Headteacher performance management to the Finance & Resources Committee on an annual basis, as well as any resulting pay awards.
- All executive and senior leadership appointments will be approved by the board of trustees.
- The chair of the board of trustees and the accounting officer are responsible for ensuring that the capacity of executive and senior leaders to control and influence does not conflict with the requirements for managing connected party transactions.
- The board of trustees will inform the ESFA if it suspects any irregularity regarding trust funds and instances of fraud or theft exceeding £5,000 in a financial year.

#### **4. DELEGATED POWERS OF THE ACCOUNTING OFFICER**

- The accounting officer also acts as an executive leader, and is therefore responsible for ensuring that these roles do not overlap so that there is no ambiguity about who is accountable for the financial management and integrity of the trust.
- The accounting officer is personally responsible to parliament, the public and to the ESFA for the financial resources under the trust's control. This does not remove the responsibility of the trustees for the proper conduct and financial operation of the trust.
- The accounting officer is personally responsible for assuring the board of trustees that the trust is compliant with the ATH and the funding agreement.
- The accounting officer is required to advise the board of trustees in writing if, at any time, in their opinion, the action or policy under consideration by them is incompatible with the terms of the articles, funding agreement or ATH.
- The accounting officer will advise the board of trustees in writing if the board appears to be failing to act where required to do so by the terms and conditions of the ATH or funding agreement.
- Where the board of trustees continues to act in ways not in accordance with the specified conditions, the accounting officer will consider the reasons the board gives for its decision. If the accounting officer still considers that the action proposed by the board is in breach of the articles, the funding agreement or ATH, the accounting officer is responsible for notifying the ESFA's accounting officer immediately and in writing.
- Each year the accounting officer is required to complete and sign a statement on regularity, propriety and compliance, which is submitted to the ESFA along with the audited accounts.
- Each year the accounting officer is required to share the annual 'Dear Accounting Officer' letter from the ESFA with the trust's members, trustees, CFO and other members of the SLT. They must also arrange for it to be discussed by the board of trustees and take action where appropriate to strengthen the trust's financial systems and controls.
- It is the responsibility of the accounting officer to demonstrate how value for money has been achieved.

## **5. DELEGATED POWERS OF THE FINANCE & AUDIT COMMITTEE**

- The F&R committee will always comply with the Governor & Trustee Code of Conduct.
- The F&R committee will take responsibility for employing a governance professional to advise and guide the committee of their duties and responsibilities, and to record minutes of all meetings.
- The F&R committee will be responsible for undertaking and attending relevant training when appropriate.
- The F&R committee will take responsibility for reporting to the board of trustees on the proceedings, recommendations and decisions of the committee.
- The F&R committee exercise the powers and duties delegated to it by the board of trustees in relation to the financial administration of the trust.
- The committee will take on the responsibilities and role of the audit committee in full
- The F&R committee will meet as regularly as necessary but at least once a term.
- Information regarding the financial performance of the trust will be reviewed by the committee at least three times a year, taking all necessary action to ensure ongoing viability and sustainability.

- The committee is responsible for reviewing the trust's financial statements and highlighting any significant issues to the board of trustees, prior to submission to the Secretary of State.
- At each meeting of the board of trustees, the F&R committee will report on decisionstaken under their delegated powers.
- The committee will review the reports provided by the CFO regarding the effectiveness of the trust's financial procedures and controls, reporting any findings to the board of trustees.
- The annual budget will be prepared and approved by the F&R committee and ratifiedby the board of trustees.
- The committee will report all significant financial matters and any potential overspend to the board of trustees.
- The trust's capital expenditure and plans will be reviewed by the committee.
- The committee is responsible for ensuring appropriate insurance is in place for the trust.
- The purchase of goods and services, in line with the agreed authorisation levels outlines in Appendix A, will be authorised by the committee and reported to the trustees.
- Expenditure on goods and services over £10,000 in value will be authorised by the finance committee.
- Members of the committee will withdraw from a meeting if there is an identified or potential conflict of interest or a questions of their ability to remain impartial.
- The committee will advise the board of trustees on accounting and finance related policies , the trust's accounts, and the trust's annual report including the process for reviewing the accounts prior to submission for audit.
- The committee will be responsible for reviewing and offering advice with regards to the development of anti-fraud policies, whistleblowing policies and processes and arrangements for special investigations.
- The committee will be responsible for annual pay awards for executive and senior leaders, which should be based on the outcomes of their performance appraisals, reviewed on an annual basis by the committee, and recommendations for approval made to the board of trustees.
- The committee will review all gifts received by executive and senior leaders in line with the trust's Gifts and Hospitality Policy.
- The committee will ensure an effective Pay Policy is in place and reviewed annually.

## **6. DELEGATED POWERS OF THE AUDIT COMMITTEE**

- The function of the audit committee has been delegated in full the F&R committee and as such the F&R committee will:
  - Handle all matters relating to auditing, internal scrutiny, finance and risk management
  - Agree a programme of work to deliver internal scrutiny across the year.
  - Review the following reports and submissions:
    - Budget Forecast Return (BFR)
    - Land and Buildings Collection Tool (LBCT)
    - Governance Statement
    - Annual Audited Accounts
    - Internal and external audit reports

## **7. DELEGATED POWERS OF THE HEADTEACHER**

- The day to day financial management of the trust and its staff is the responsibility of the Headteacher, ensuring that the arrangements for the collection of income, purchasing of goods and services, payments and academy assets are in accordance with statutory regulations.
- The Headteacher will prepare and present an annual budget to the F&R committee prior to the start of the new financial year.
- Management accounts will be reviewed by the Headteacher, with potential overspend highlighted to the F&R committee and board of trustees.
- The Headteacher is responsible for planning, preparing and updating the school's SDP.
- The Headteacher will ensure all conflicts of interest concerning staff members with financial responsibility are declared and accurately recorded.
- The Headteacher is responsible for ensuring that all trust spending is in accordance with the specified authorisation levels.
- In conjunction with the SBM, the Headteacher certifies the payment of salaries each month and authorises any additional hours or overtime.
- Annual pay awards, including those for support staff, will be reviewed on an annual basis by the Headteacher and recommendations for approval made to the Pay Committee.
- The Headteacher is responsible for ensuring that full, accurate and up to date records are maintained in relation to the trust's finances and that these are available for audit by the external auditor.
- In conjunction with the SBM and other authorised signatories, the Headteacher is responsible for authorising payments on behalf of the trust.

## **8. DELEGATED POWERS OF THE SBM**

- The SBM is responsible for the management of the trust's financial position at strategic and operational level within the framework of financial control, and for maintaining effective systems of internal control within the trust.
- The SBM works closely with the Headteacher to ensure efficient and effective day to day management of the trust's finances, liaising with the F&R Committee and board of trustees as appropriate.
- The SBM is responsible for ensuring that there is an appropriate division of duties between staff responsible for processing orders, receiving deliveries and processing payments.
- The SBM is responsible for ensuring that all required information and documentation is submitted to the DfE and ESFA in line with the specified deadlines.
- The SBM is responsible for ensuring that all income is accurately accounted for and is promptly collected and banked.
- The SBM will assist the Headteacher in preparing and presenting an annual budget to the F&R Committee prior to the start of the financial year.
- In conjunction with the Headteacher, the SBM certifies the payment of salaries each month and authorises any necessary overtime or additional hours.
- The SBM is responsible for notifying the payroll provider of any pay adjustments each month.

- Management accounts are shared with the chair of trustees on a monthly basis and other trustees at least 6 times a year.
- If the trust is served a Financial Notice to Improve (FNI) by the ESFA, the SBM will publish this on the trust's website within 14 days of it being issued and this will remain on the site until the ESFA lift the notice.
- The SBM is responsible for maintaining the trust's asset and risk registers.
- In conjunction with the Headteacher and other authorised signatories, the SBM is responsible for authorising payments on behalf of the trust.
- The SBM is responsible for maintaining a record of all contracts entered into by the trust, including details of payments, quotes obtained and invoices received.
- Where appropriate, the SBM will advise the Headteacher and F&R Committee on purchasing decisions.

## 9. DELEGATED RESPONSIBILITIES OF OTHER SCHOOL STAFF

- Designated staff members will be delegated financial responsibility in order to support the Headteacher with the maintenance of financial controls and procedures within the trust.
- Staff members with financial responsibility are aware of the financial regulations which they must act in accordance with.
- The following members of staff are authorised to receive and check goods on behalf of the trust:
  - Budget holders
  - Admin staff
- All staff members with financial accountability are responsible for maintaining accurate and up to date records regarding their actions in relation to the trust's finances.

## 10. GENERAL FINANCIAL MANAGEMENT

- Where the trust's transactions go beyond the specified delegated authority limits, prior approval of the ESFA will be sought.
- The trust will seek the ESFA's approval for borrowing from any source where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies.
- All members of the board of trustees who hold delegated powers are responsible for ensuring that:
  - There is probity in the use of public funds
  - Spending decisions represent value for money
  - Internal delegation levels are applied within the trust at all times
  - A competitive tendering policy is implemented
  - The Official Journal of the European Union (OJEU) procurement thresholds are observed
  - Relevant professional advice is obtained where required
- The trust will disclose aggregate figures for all transactions of any amount and separate disclosure for individual transactions above £5,000 in their audited accounts for the transactions outlined in the AFH.
- Relevant financial procedures implemented within the trust are outlined in the following policies:
  - Pay Policy
  - Finance Policy

- Gifts & Hospitality Policy
- Procurement & Tendering Policy
- Lettings Policy
- Charging and Remissions Policy

- All special payments including staff severance of any value will be disclosed in total and individually.
- All ex-gratia payments will be referred to the ESFA for prior authorisation.
- The trust has delegated authority to approve individual compensation payments, provided that any non –contractual element is under £50,000. Where the payment is above this amount, the ESFA's prior approval will be obtained.
- All members, trustees, employees and accounting officers with financial responsibility are required to record the details of relevant business and pecuniary interests – relevant material interests arising from family relationships must also be detailed. This register will be published on the trust's website.
- All members, trustees, employees and their relations and organisations are responsible for ensuring that their connections to the trust are not used for personal financial gain.
- Prior approval of the ESFA will be sought for all transactions with connected parties that are perceived as novel, contentious or repercussive.
- Prior approval of the ESFA will be sought when writing off debts and losses and entering into guarantees, letters of comfort or indemnities.
- The trust will always pursue recovery of amounts owed to it, overpayments and payments made in error, irrespective of how they came to be made.
- No payments will be made to trustees unless such payments are permitted by the trust's articles of association, or by express authority from the Charity Commission and the payments will comply with the terms of any agreements entered into with the Secretary of State.
- In accordance with the specified levels in Appendix A, prior approval will be sought for purchases and payments as necessary, including from external parties such as the ESFA and Charity Commission.
- The DfE's 'Get Information About Schools' will be kept up to date and the ESFA will be notified about any changes relating to governance information.

## 11. MONITORING & REVIEW

- a. This document is reviewed annually by the board of trustees or sooner if updates to the AtH require changes to be made.

**NOTE: For the purposes of this document and Appendix A, anyone deputising in the absence of a member of staff with financial responsibility, will be deemed to have the same level of authority as that member of staff.**



| <b>DUTY</b>  | <b>VALUE</b>             | <b>DELEGATED AUTHORITY</b>  | <b>METHOD</b>  |
|--|--------------------------|---|--|
| Virement of budgets  | Up to £5,000             | SBM   |  |
|  | Up to £15,000            | Headteacher   |  |
|  | Over £15,000             | Headteacher with approval from F&R Committee  |  |
| Ordering of goods and services within the agreed budget    | Up to £1,000             | Budget Holder   | Best value to be sought  |
|  | £1,001 - £2,500          | SBM   | 2 oral quotations  |
|  | £2,501 - £10,000         | Headteacher   | 3 written quotations   |
|  | £10,001 - £50,000        | Headteacher with the approval of the F&R Committee  |  |
|  | Over £50,000             | F&R Committee reporting to Board of Trustees  | Formal tendering (OJEU Thresholds will be adhered to where applicable)                   |
| Signatories for cheques, BACS payments, authorisations etc | Any                      | Headteacher, Deputy Headteacher, Assistant Headteacher, SBM and other specified personnel | 2 signatories per transaction  |
| Authorising invoices                                       | Any                      | Headteacher and SBM   |  |
| Collecting income  | Any                      | Headteacher and SBM   |  |
| Unbudgeted expenditure                                     | Up to £2,500             | SBM   |  |
|  | £2,501 - £10,000         | Headteacher   |  |
|  | Over £10,000             | Headteacher with the approval of the F&R Committee  |  |
| Banking cash & cheques                                     | Any                      | SBM and Office Manager  | Cash held on premises will not accumulate above £2,000                                   |
| Disposal of assets   | Up to £2,000             | Headteacher   | Principles of propriety, regularity and value for money                                  |
|  | Over £2,000              | Headteacher with approval of F&R Committee  |  |
|  | Land and Buildings       | Prior written approval from ESFA with Board of Trustees approval                          |  |
| Writing off debts  | Up to £1,000             | Headteacher   | Anything above these limits requires approval by the Secretary of State through the ESFA |
|  | £1,001 - £10,000         | Headteacher with approval from F&R Committee  |  |
|  | Below 1% of total annual | Board of Trustees and ESFA where  |  |

|   |  |   |  |
|---|--|---|--|
|   | income or £45,000 (whichever is smaller) per single transaction subject to a maximum of £250,000 | applicable  |  |
| Bank card purchases   | Up to £5,000   | Headteacher, SBM  | All bank cards are kept in a locked safe when not in use. Orders will be checked by the office manager and statements checked by office manager and SBM prior to authorisation |
| Ex-Gratia payments  | Any  | ESFA prior approval required  |  |
| Novel or contentious payments                                 | Any  | Board of Trustees plus ESFA prior approval required                         |  |
| Special payments – including staff severance and compensation | Up to £49,999  | Board of Trustees   |  |
|   | £50,000 and over   | Board of Trustees plus ESFA approval before an offer is made to an employee |  |

