

Appendix 3

Finance information Scheme of Delegation

Delegated Duty	Value	Delegated Authority	Approval (where appropriate)	Comment	Acceptance procedures
Ordering goods and services (including advertising of tenders and award of contracts)	Low Value Procurement Up to £750	Budget holder	N/A	If within approved budget level <ul style="list-style-type: none"> Orders up to £750 a single written quotation is required 	Budget holder must accept the most economically advantageous verbal quotation to secure probity and best value
	Low Value Procurement Up to £5,000	Headteacher	Finance & Resources Manager	If within approved budget level <ul style="list-style-type: none"> Orders above £750 three written quotations are required 	Headteacher must accept the most economically advantageous quotation to secure probity and Best Value

	Low Value Procurement £5,001 - £25,000	Finance & Resources Manager and CEO	N/A	If within approved budget level <ul style="list-style-type: none"> • Orders up to £5,000 three written quotation required • Orders over £5,000 and up to £25,000 require informal tendering process 	Officers must accept the most economically advantageous quotation to secure probity and Best Value
	Intermediate Value Procurement £25,001 - £50,000	Finance & Resources Manager and CEO	N/A	If within approved budget level. Orders over £25,000 to be put out to tender	Officers must make best efforts to secure probity and Best Value
	Intermediate Value Procurement £50,001 - £100,000	Finance & Resources Manager and CEO	PLT	If within approved budget level <ul style="list-style-type: none"> • Orders over £50,001 to be put out to tender 	
	High Value Procurement £100,000- £299,999	CEO & Board Chair	PLT	If within approved budget level Contracts over EU thresholds for the time being (for guidance refer to www.ojec.com/Thresholds.aspx):to follow a compliant process under the Public Contracts Regulations 2006 and subsequent legislation	For all high value procurements, the Headteacher must consider whether there would be a benefit in inviting more than three suppliers to secure probity and Best Value.

	Very High Value Procurement £300,000 and above	PLT Board (2 signatures), CEO and Finance Director.	PLT	If within approved budget level <ul style="list-style-type: none">Contracts over EU thresholds for the time being (for guidance refer to www.ojec.com/Thresholds.aspx):to follow a compliant process under the Public Contracts Regulations 2006 and subsequent legislation	For all high value procurements, the Headteacher must consider whether there would be a benefit in inviting more than three suppliers to secure probity and Best Value.
	Authority to accept other than lowest quotation or tender				

The European Public Contracts Directive (2014/24/Eu)

	Supply, Services(1) and Design Contracts	Works Contracts (2)	Social and other specific services(3)
Central Government (4)	£106,047 €135,000	£4,104,394 €5,225,000	£589,148 €750,000
Other contracting authorities	£164,176 €209,000	£4,104,394 €5,225,000	£589,148 €750,000
Small Lots	£62,842 €84,000	£785,530 €1,000,000	n/a

Notes:

- 1 With the exception of the following services which have different thresholds or are exempt:–Social and other specific services (subject to the light touch regime) Article 74.–Subsidised services contracts specified under Article 15.–Research and development services under Article 14 (specified CPV codes are exempt).
- 2 With the exception of subsidised works contracts specified under Article 13.
- 3 As per Article 74. Services are listed in Annex XIV. Applying in Scotland from March 2016.
- 4 Schedule 1 of the Public Contracts Regulations lists the Central Government Bodies subject to the WTO GPA. These thresholds will also apply to any successor bodies.

Orders for Goods and Services and Payment of Accounts

It is essential to ensure that orders and payments are correctly authorised; that goods and services are bought for the benefit of the academy; and that value for money is achieved to secure the best possible outcome for pupils in the most efficient and effective way at a reasonable cost.

Orders must only be placed and authorised in accordance with the SoD.

Separation of Duties

The four key stages in the ordering and payment process are:

- Authorising and placing the order
- Receiving the goods or services and confirmation thereof
- Verifying the invoice and certifying for payment

Authorising the payment e.g. Signatures for cheques, BACS and other bank transfer:

Delegated Duty	Value	Delegated Authority	Approval (where appropriate)
Authorising cheques and bank transfer	up to £100, 000	minimum of two authorised bank signatories	CEO
	Over £100,000		Board Chair

Given any constraints local to the Academy, such as a limited number of staff, the Academy should devise and adhere to a procurement process which seeks to divide the above tasks across a number of people at suitable levels of authority. (NB Members, Trustees, Academy Councilors and employees have a responsibility to avoid any conflict between their business and personal interests and the affairs and interests of the Academy).

Placing orders

Once an Academy has placed an order it is committed expenditure from its approved budget. It is therefore essential that all orders are authorised at the appropriate level, and the academy only pays for those goods/services that have been received.

Before issuing an order to a company the Academy should undertake a review or check for the appropriateness of the goods or services. This should include checking the need for the product and/or service making sure that the items are not already available in the academy and obtaining best value.

An order should only be placed after the Academy's accounting system has been checked, to make sure there is sufficient budget remaining and a commitment should be entered.

Loan and Financial Leases (extracts from Academies' Financial Handbook)

(Reference must be made to the Academies Financial Handbook for all areas below).

In line with funding agreements, an Academy must seek EFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable. Credit cards must only be used for business (not personal) expenditure, and balances cleared before interest accrues.

Virement between budget headings is not permitted by academies other than in exceptional circumstances and with the specific permission of the Finance Director /Chief Executive Officer

Schedule of freedoms and delegations

(Reference must be made to the Academies Financial Handbook for all areas below).

Novel and/or contentious transactions

Novel payments or other transactions are those of which the academy trust has no experience, or are outside the range of normal business activity for the trust. Contentious transactions are those which might give rise to criticism of the trust by Parliament, and/or the public, and/or the media.

Novel and/or contentious transactions must always be referred to EFA for explicit prior authorisation.

Delegated Duty	Value	Delegated Authority	Comment
Novel and contentious transactions		Board Chair	(Refer Financed director) <i>EFA agreement required</i>

Borrowing

Delegated Duty	Value	Delegated Authority	Comment
Bank or sponsor loan, overdraft		Board Chair	<i>EFA agreement required</i>
Credit cards (for business, not personal use)		CEO/Finance Director	PLT has full discretion provided charges are not incurred

In line with funding agreements, academy trusts must seek EFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable. Credit cards must only be used for business (not personal) expenditure, and balances cleared before interest accrues.

Leasing

Delegated Duty	Delegated Authority	Comment
Taking up a finance lease	Board Chair	EFA agreement required
Taking up a leasehold on land and buildings	Board Chair	EFA agreement if lease term seven years or more
Granting a lease on land and buildings	Board Chair	EFA agreement required
Taking up any other lease	Board Chair	PLT has full discretion

Leases

There are two types of lease:

1. operating leases: these do not represent borrowing
2. finance leases: these are a form of borrowing.

PLT does not require EFA's approval for operating leases except for some transactions relating to land or buildings.

PLT **must** obtain EFA's prior approval for the following leasing transactions:

- taking up a finance lease on any class of asset for any duration from another party (borrowing)
- taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
- granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party
- PLT **must** ensure that any lease arrangement maintains the principles of value for money, regularity and propriety whether or not EFA's prior approval is required. PLT should seek advice from their professional financial adviser and/or external auditor if they are in any doubt over whether a lease involves an element of borrowing.

Write-offs and liabilities

Delegated Duty	Delegated Authority	Comment
Writing-off debts and losses (subject to £250,000 ceiling)	CEO/Finance Director	EFA consent required if transactions: <ul style="list-style-type: none"> • exceed 1% of annual income or • £45,000 individually; or • 2.5% or 5% of annual income cumulatively
Entering into guarantees, indemnities or letters of comfort (subject to £250,000 ceiling)	CEO/Finance Director	

Special payments

Delegated Duty	Delegated Authority	Comment
Staff severance	CEO/Finance Director/ Director of HR	EFA agreement required if payment £50,000 or more
Compensation		
Ex gratia payments		EFA agreement required

Acquisition and disposal of fixed assets

Delegated Duty	Value	Delegated Authority	Comment
Acquiring a freehold on land and buildings	All	Board Chair	EFA agreement required
Disposing of a freehold on land and buildings			
Disposing of heritage assets			
Disposal - not land, buildings or heritage	Up to £20,000	CEO/ Principal and Finance Director	PLT has full discretion
	Over £20,000	Chief Executive Officer, Executive Principal, Board, Finance Director	Director of Finance to report to Board

Acquisition and Disposal of fixed assets

Academy trusts **must** seek and obtain prior written approval from EFA for the following transactions:

- a. acquiring a freehold of land or buildings
- b. disposing of a freehold of land or buildings
- c. disposing of heritage assets beyond any limits set out in the trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards

Assets

1. Proper security should be maintained for all buildings, vehicles, plant, stocks, stores, furniture, equipment, money and other valuables.
2. Maximum limits for cash holdings should be approved by the governors and should not be exceeded without their approval.
3. Safe and efficient arrangements should be made for the reception, storage, issue and return of assets. Such arrangements should include the maintenance of appropriate records and inventories and periodic checks of equipment and stores against the relevant records and inventories. Any substantial surplus or deficiency revealed as a result of such checks should be reported to the County Treasurer.
4. Assets coming into the ownership of the academy, by purchase or otherwise, should, so far as is reasonably practicable be effectively marked to identify them as academy property. They should not be removed from the academy premises otherwise than in the ordinary course of official business except in accordance with a policy approved by the governors.
5. Where assets become obsolete or are damaged so as to render further use, for any reason, inappropriate they should be written off, provided they have no net resale value, in accordance with a policy approved by the governors. Adequate arrangements should be made for the recording and reporting of write-offs (***which should be certified by two authorised persons***) and governors are recommended to:
 -
 - limit authority to write off items to either the Governing Body or the Principal or an authorised deputy;
 - limit the authority of the Principal (or authorised deputy) to items with an original cost or likely sale value within a specified range;
 - require all write-offs to be reported to the Governing Body.
 (Refer also to section 3.6 of the Financial Regulations for Academies).

Safe and efficient arrangements should be made for the disposal of surplus goods, materials, vehicles and equipment which have a net resale value. Adequate provision should be made for the recording and reporting of all such disposals. The precise arrangements for disposal will depend on the nature and value of the assets involved, the state of demand for them and the cost of their disposal. However, arrangements for the disposal of any asset should meet the following requirements: -

- they should be legal and in conformity with any Government requirements from time to time in force;
- they should be in accordance with governors' policy;
- they should promote scope for competition among potential purchasers;
- they should ensure that appropriate steps are taken to establish properly the value of the items to be disposed of;
- If the goods/materials were VAT able on purchase, then the income for the sale of these items must show VAT;
- they should be demonstrably fair and open and should avoid creating an unfair advantage for any interested party;
- they should be appropriate having regard to the nature, value and current state of demand for the item(s) involved;

Safe and efficient arrangements should be made for the reception recording, storage and return or disposal of found property.

Pooling of GAG by multi-academy trusts

A multi-academy trust has the freedom to amalgamate a proportion of GAG funding for all its academies to form one central fund. This fund can then be used to meet the normal running costs at any of its constituent academies within the trust. In accordance with its funding agreement a multi-academy trust must not pool PFI funding.

Delegated Duty	Value	Delegated Authority	Comment
GAG		CEO	No limits (except PFI) if trust eligible
GAG carry forward			No limits if trust eligible

Assets

6. Proper security should be maintained for all buildings, vehicles, plant, stocks, stores, furniture, equipment, money and other valuables.
7. Maximum limits for cash holdings should be approved by the governors and should not be exceeded without their approval.
8. Safe and efficient arrangements should be made for the reception, storage, issue and return of assets. Such arrangements should include the maintenance of appropriate records and inventories and periodic checks of equipment and stores against the relevant records and inventories. Any substantial surplus or deficiency revealed as a result of such checks should be reported to the County Treasurer.
9. Assets coming into the ownership of the Academy, by purchase or otherwise, should, so far as is reasonably practicable be effectively marked to identify them as Academy property. They should not be removed from the Academy premises otherwise than in the ordinary course of official business except in accordance with a policy approved by the Academy Council.
10. Where assets become obsolete or are damaged so as to render further use, for any reason, inappropriate they should be written off, provided they have no net resale value, in accordance with a policy approved by the governors. Adequate arrangements should be made for the recording and reporting of write-offs (***which should be certified by two authorised persons***) and Academy Council are recommended to: -
 - limit authority to write off items to either the Academy Council or the Headteacher or an authorised deputy;
 - limit the authority of the Headteacher (or authorised deputy) to items with an original cost or likely sale value within a specified range;
 - require all write-offs to be reported to the Academy Council.
 (Refer also to section 3.6 of the Financial Regulations for Academies).

Safe and efficient arrangements should be made for the disposal of surplus goods, materials, vehicles and equipment which have a net resale value. Adequate provision should be made for the recording and reporting of all such disposals. The precise arrangements for disposal will depend on the nature and value of the assets involved, the state of demand for them and the cost of their disposal. However, arrangements for the disposal of any asset should meet the following requirements: -

- they should be legal and in conformity with any Government requirements from time to time in force;
- they should be in accordance with governors' policy;
- they should promote scope for competition among potential purchasers;
- they should ensure that appropriate steps are taken to establish properly the value of the items to be disposed of;
- If the goods/materials were VAT able on purchase, then the income for the sale of these items must show VAT;
- they should be demonstrably fair and open and should avoid creating an unfair advantage for any interested party;
- they should be appropriate having regard to the nature, value and current state of demand for the item(s) involved;

Safe and efficient arrangements should be made for the reception recording, storage and return or disposal of found property.

Delegated Duty	Value	Delegated Authority (any)	Comment
Authorising monthly salary payments	Unlimited	1. Headteacher of the relevant Academy	Report to Board on any anomalies
		2. Finance Director (or designated academy finance representative)	
		3. CEO	
		4.	
		5. Director of HR	

Delegated Duty	Value	Delegated Authority	Comment
Signatories for grant claims and DfE Returns	Unlimited	The Finance Director and one of the following: <ul style="list-style-type: none"> - Board Chair - CEO - - Headteacher of the relevant Academy 	Two signatories, or as required by DfE / YPLA