



The Palmer Primary Academy

Scheme of Delegation of Financial Powers

Created: November 2019

Adopted by Governors on: 18-January-2021

Next Review: July 2022

Signed _____ Chair of Governors

Date _____

Terms of Reference

The Governing Body

The governing body has discretion over its use of the Academy Trusts (AT's) funds allocated to its school. 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 body's 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 AT should also be aware of the statutory duties of company directors, which are set out in the Companies Act and include the duties to:

- act within their powers
- promote the success of the company
- exercise independent judgement
- exercise reasonable care, skill and diligence
- avoid conflicts of interest
- not to accept benefits from third parties
- declare interest in proposed transactions or arrangements

The Finance / Resources Committee of the LGB

The Finance / Resources Committee is a committee of the Local Governing body. The Finance Committee meets at least termly but more frequent meetings can be arranged if necessary. The main responsibilities of the Finance Committee include:

- to appoint a local governor responsible for Finance
- to recommend the annual budget of the academy to the Cluster board
- to approve staff pay and annual increments
- to monitor income, expenditure and cash flow of the Academy
- to ensure proper financial controls are in place at the Academy
- to maintain a register of LGB members' business and personal interests
- to ensure provision of free school meals to those pupils meeting the criteria
- to enter into contracts up to the limits of delegation and within an agreed budget
- to support the Trust Board in its monitoring and evaluation of the delivery of any central services/functions provided/procured by the Academy Trust
- to review and action any internal audit reports ensuring that financial procedures and controls are adhered to at all times.

The Cluster Board

The Cluster Board meets at least termly, and their duties include scrutiny and challenge over all aspects of finances across schools within its cluster. Its key responsibilities include:

- to scrutinise the Academies' budgets for recommendation to the Trust Board Finance Committee
- to monitor any variances from the Academies' delegated budget and consider any variances reported by the LGBs to the Cluster Board for approval
- to monitor and review income and expenditure on a regular basis and ensure compliance with the overall financial plan for the cluster, drawing any matters of concern to the attention of the Trust Board Finance Committee
- to authorise expenditure at exceptional levels as defined in the financial scheme of delegation (part of the Trust's suite of core policies)
- to arrange annual meetings of the chairs of the Cluster Board and its committees to consider recommendations for and determine Headteachers' pay increases
- to monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement

The Finance Committee of the Academy Trust

The Finance committee of the Academy Trust meets at least termly to provide overall scrutiny and challenge over all aspects of finances across the Trust. Its responsibilities include:

- to develop a financial strategy for the Academy Trust and consider policies, procedures or plans required to realise such strategy

- to receive Academies' budgets for approval from the Cluster Boards' to monitor any variances from the budget and ensure the ESFA is notified as required;
- to oversee preparation of the annual financial statements by the executive, for review and approval by the Risk & Audit Committee
- to review and check details of contracts and purchases;
- to authorise the award of contracts and purchases, as necessary;
- to review 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

The law places overall responsibility and accountability for the educational outcomes and financial diligence of the Trust firmly with the Trustees and the Chief Executive Officer (CEO) is the Accounting Officer. The AT Accounting Officer is personally responsible to Parliament and to the Accounting Officer of the Education and Skills Funding Agency (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 day to day financial responsibility has been delegated to the Head Teacher (HT) and School Business Manager(SBM) but the Chief Executive still retains responsibility for:

- 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 AT's annual report;

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 vfm and cost effectiveness.

Budgeting and Reporting

Role	Value	Delegated Authority	Method	Review Period
Budget setting process		Director for Education North/South / Deputy Director of Education / Executive Head Teacher/ Head Teacher/ Head of School	Agree academy improvement priorities for the coming year	Annual
		Head Teacher	Draft a budget plan	Annual
		Director for Education North/South / Deputy Director of Education / Head Teacher	Agree a budget plan	Annual
		Governing Body	Recommend a draft Budget to the Cluster Board to review.	Annual
		Cluster Board	Recommend the draft Budget to the Trust Board Finance Committee for approval.	Annual
Budget holders responsibilities	As per the individual budgets set	Head Teacher/ SBM/ Budget Holder	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
Month end procedures		Head Teacher	All transactions to be processed and reconciled for the timely checking and production of the monthly reports.	Monthly
ESFA Reporting		Central Finance Team	As required by the ESFA.	As necessary to ensure compliance

Expenditure

Role	Value	Delegated Authority	Method	Review Period
General expenditure	£5,000 and over	Director for Education North/South / Deputy Director of Education - See Purchase order section for details of delegated authority limits	Authorisation should be documented.	As necessary
Estates Project consent form	Up to £25k Director for Education North/South Over £25k Cluster Board	Estates Team approval	School to complete documentation and sent to Estates Team for approval.	As necessary
ICT expenditure	Up to £10k Over £10k	Head Teacher – It is advised that any expenditure is supported by a review from the Central IT Team to ensure best value, suitability of products, warranty t&c's etc. IT Team & Head Teacher must both approve	ICT project consent form to be completed by the school and reviewed/approved by Head of IT prior to order being placed (review/approve is dependent upon the value)	As necessary

Income

Role	Value	Delegated Authority	Method	Review Period
Collection and receipt of cash and cheques	Any	SBM 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		Head Teacher	Head Teacher to authorise the issuing of sales invoices within 30 days of the goods being supplied or the service carried out.	As required
Banking of cash and cheques	Any	SBM or delegated Administration Assistant	Cash and cheques should be banked on a regular basis (at least fortnightly) and should not be allowed to accumulate above £3,000. Banking should be checked and agreed by another member of staff before being banked and should relate back to receipts issued.	As required

Role	Value	Delegated Authority	Method	Review Period
Reconciliation of bank accounts		School Business Manager or delegated Administration Assistant	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 by the HT and SBM, dated and filed.	Monthly

Purchases and Payments

Role	Value	Delegated Authority	Method	Review Period
Purchase orders	Up to £2,000	Head Teacher/ Budget holder	Orders should be placed with approved suppliers unless agreed 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
	£2,001 to £5,000	Head Teacher	As above and three quotes must be obtained. These can include both written and verbal and evidence of the quotes must be retained.	Monthly
	£5,001 to £10,000	Director for Education North/South / Deputy Director of Education and Head Teacher	As above however minimum three quotes must be written and notified to the LGB with evidence retained.	Monthly
	£10,001 to £25,000	Director for Education North/South / Deputy	As above however minimum three quotes must be written and notified to the Cluster Board.	Monthly

Role	Value	Delegated Authority	Method	Review Period
		Director of Education and HT and LGB approval		
	Over £25,000	Cluster Board approval	Formal tendering process, including advertising in OJEU if appropriate	Monthly
Payment by cheque		Director for Education North/South	Not to be used unless exceptional circumstances.	
Payment by BACs	Up to £100,000	Head Teacher	Payments Prepared by SBM and Authorised by HT. Payment notifications must be accompanied by authorised supporting documentation. Evidence of payment authorisation must be retained, and must be separate to any purchase approval documentation.	
Payment by BACs	Over £100,000	Head Teacher and Senior Financial Accountant	Payments Prepared by SBM and Authorised by HT. Payment notifications must be accompanied by authorised supporting documentation. Evidence of payment authorisation must be retained, and must be separate to any purchase approval documentation.	As necessary
Charge Card	Limited to £5k	Head Teacher/ SBM/ Director for Education North/South / Deputy Director of Education / Finance Business Partner	The cardholder must keep their card safe when not in use. All transactions must be supported by a detailed receipt. Orders should be placed only by	Monthly

Role	Value	Delegated Authority	Method	Review Period
			card holder. Reconciliation should be checked by someone other than the person who places the orders. This card must not be given to other staff members for the purchasing of items.	
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	<p>The delegated limits, subject to a maximum of £250,000 are:</p> <ul style="list-style-type: none"> • 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 	Head Teacher / Director for Education North/South	Anything above these limits must be approved by Secretary of State through the ESFA	Annual

Role	Value	Delegated Authority	Method	Review Period
	ATs that have submitted timely, unqualified financial returns for the previous two financial years.			
Gifts and hospitality	£30	Line manager approval	A declaration form needs to be completed for any gifts provided or received and logged in the hospitality register.	As necessary
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 For cost changes greater than 10% of the previous post holder, DDoE approval is also required.	The role has been included in the schools budget, will not cause the school to go into deficit and reflects an pre-approved role or replacement of an existing role.	Annual
	Deputy Head Teacher	HT and Director for Education North/South	The role has been included in the schools budget, will not cause the school to go into deficit and reflects an pre-approved role or replacement of an existing role.	Annual
	Head Teacher	REAch2	The role has been included in the school's budget, will not cause the school to go into deficit and reflects a pre-approved role or replacement of an existing role. Approval to allow a contract / offer to be issued remains with the Executive team.	Annual
Payroll Processing		SBM / Head Teacher	School Business Manager to check monthly payroll and make any necessary changes or adjustments. Monthly payroll and any changes	Monthly

			must be authorised and signed off by the Head Teacher (or DDoE in their absence)	
Contracts of employment		Central HR SBM/HT	Contracts to be issued by SBM or HR within 8 weeks of start date. (From April 2020 this law is changing and all employees need a contract on their first day.) 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 responsible officer and the auditors.	As required

Assets

Role	Value	Delegated Authority	Method	Review Period
Fixed asset register	£500	SBM	All assets to the value of £500 either individually or as a group will need to be recorded in the asset register. The register is maintained by central finance, based on entries on the finance system.	Monthly and annually
Disposal of fixed assets	Any - if the asset still holds a value on the fixed asset register	Head Teacher up to a value of £2,000 Governing Body up to a value of £10,000 Cluster Boards of any value over £10,000	Email to central finance team. Entry to be made on the fixed asset register showing the method of disposal i.e. sale or destroy and the sales value if the item was sold or estimated value if the item was destroyed	Monthly and annually