

Marlborough Primary Academy

Scheme of Delegation of Financial Powers

Created: Insert Date

Approved by Governors:

Next Review: 07.11.17

Signed: Lara Sinclair Chair of Governors

Date 07.11.17

Terms of Reference

The Governing Body

The governing body 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 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:

- 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 committee of the Governing body. 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 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

Within the framework of the academy development plan as approved by the governing body the Executive Director is the Accounting Officer and has overall responsibility for the academy's activities including financial activities. The AT 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 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 financial responsibility has been delegated to the Principal and Business Manager but the Executive Director still retains responsibility for:

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the governing body 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 AT's annual report;
- authorising contracts;
- advising the Finance Committee on purchases and;
- signing cheques and authorising BACs payments in conjunction with the bank mandate.

The Responsible Officer

The Responsible Officer (RO) is appointed by the governing body and provides governors with an independent oversight of the academy's financial affairs. The main duties of the RO 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 Responsible Officer 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.

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		Executive Director and Principal	Agree academy improvement priorities	Annual
		Academy Principal and Management team	Draft budget plan	Annual
		Executive Director and Principal	Agree budget plan	Annual
		Governing Body	Approve budget plan for submission to the MAT	Annual
		MAT	<p>Approve or reject budget after applying the 2 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 2 Golden Rules Tests', it will provide a full written explanation to the Governing Body for its judgement. Under these wholly exceptional circumstances, the MAT Executive Director will take responsibility for recommending a budget plan to the board</p>	Annual

Budget holders 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
Role	Value	Delegated Authority	Method	Review Period
Monthly Management Accounts		School business manager and Principal in conjunction with Finance Consultants	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 Financial Timetable	Monthly
Virements	Up to £10,000	Principal/Executive Director	Must be disclosed to the Finance Committee	As necessary
	Over £10,001	Finance Committee	Must be approved by the Finance committee	As necessary
EFA Reporting		Principal, Executive Director/Accounting Officer in conjunction with Reach South Auditors and Financial Consultants	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 £15,000	Business Manager	All sales invoices must be processed through the financial management system, and issued in a timely manner.	As required
	£15,001 to £100,000	As above plus Principal	Principal to authorise the issuing of sales invoices above £15,001, and then as above.	As required
	Over £100,001	Finance Committee	Finance committee to approve the issuing of sales invoices above £100,001, 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 back to receipts issued.	As required

Reconciliation of bank accounts		School business manager or delegated administration assistant or finance consultant	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		School business manager or delegated administration assistant	Petty cash should be kept in a locked tin and stored in the school safe. Petty cash payments should be kept below £25. 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 consultant or responsible officer	Weekly

Purchases and Payments

Role	Value	Delegated Authority	Method	Review Period
Purchase orders	Up to £1,000	School business manager and budget holders	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
	£1,001 to £5,000	Principal, Deputy Principal and school business manager	As above and three quotes must be obtained. These can include both written and verbal.	Monthly
	£5,001 to £10,000	Principal and Deputy Principal	As above however minimum three quotes must be written	Monthly
	£10,001 to £25,000	Principal and Deputy Principal with notification to the MAT	As above however minimum three quotes must be written	Monthly
	Over £25,000	MAT	Formal tendering process, including advertising in OJEU if appropriate	Monthly
Payment by cheque or BACs	Up to £20,000	Two signatories required from either of the Principal, Deputy Principal or business	Individual payments to any supplier to the value of £20,000 need to be signed by two individual in the delegated authority column. Cheques or payment notifications	As necessary

Role	Value	Delegated Authority	Method	Review Period
		manager	must be accompanied by authorised supporting documentation	
	£20,001 to £100,000	Two signatories including one from the above list plus the Executive Director	Cheques or payment notification must be accompanied by authorised supporting documentation	As necessary
	Above £100,000	Executive Director and Chief Executive	Cheques or payment notification must be accompanied by authorised supporting documentation	As necessary
Charge Card	Limited to £5k	Principal, business manager and finance consultant	Must be kept in the safe when not in use. All transactions must be supported by a receipt. Orders should be placed only by card holder. Reconciliation should be checked by someone other than the person who places the orders.	Monthly
Standing orders and direct debits	as per limits for cheque of BACs payments	as per limits for cheque of BACs payments	as per limits for cheque of BACs payments	As necessary
Liabilities and Write-Offs	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 ATs that have submitted timely,	Principal/Executive Director	Anything above these limits must be approved by Secretary of State through the EFA	Annual

	unqualified financial returns for the previous two financial years.			
Role	Value	Delegated Authority	Method	Review Period
Purchase or sale 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	Principal		Annual
	Deputy Principal	MAT		Annual
	Principal	Reach South		Annual
Payroll Processing		School business manager and Principal	School business manager to check monthly payroll and make any necessary changes or adjustments. 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 consultant on a monthly basis.	Monthly
Contracts of employment		School business manager or delegated administration assistant	All employee contracts need to be kept up to-date. 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	£2,000	Business manager or on-site ICT staff member	All assets to the value of £2,000 either individually or as a group will need to be recorded in the asset register.	Monthly and annually