

# DENMARK ROAD HIGH SCHOOL



# Finance Scheme of Delegation 2020-21

**Reviewed: September 2020**

*This scheme for the academic year 2020-21 has been formally approved and adopted by the Trust Board at a formally convened meeting.*

Scheme approved: DocuSigned by:  
Richard Bowman Date: 23-Sep-2020  
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(Chair of Trustees)

# Finance Scheme of Delegation



## Revision History

Date of revision	Changes made
Nov-19	<ol style="list-style-type: none"> <li>1. School name changed to Denmark Road High School</li> <li>2. Reporting and oversight requirements clarified</li> <li>3. Disposal criteria clarified</li> <li>4. Remuneration of senior leaders added aligned to AFH req'ts</li> <li>5. Banking controls added</li> <li>6. Management of Contingencies added, to reflect SMRA advice</li> <li>7. Risk Management requirements added to align with AFH req'ts</li> <li>8. Budget controls amended to reflect Jun-19 Internal Audit report recommendations to share Monthly management accounts</li> <li>9. Clarification of the approval of contracted hours</li> <li>10. Payroll reconciliation sign off included to reflect Jun-19 internal audit report recommendations</li> <li>11. Appendix A added to matters requiring ESFA agreement</li> </ol>
Sep-20	<p>Scheme of Delegations updated to reflect changes in Governance Structures, which are effective from Sep-2020</p> <ol style="list-style-type: none"> <li>1. New section (1) included detailing powers of Members (separating out these powers from those of Trustees)</li> <li>2. Section relating to the Business Management Committee's powers and duties and references to this committee removed</li> <li>3. References to the Financial Review Panel added where applicable</li> <li>4. References to Governing Body changed to Trust Board</li> <li>5. References to Governors changed to Members or Trustees, as appropriate</li> <li>6. Spend thresholds &amp; criteria adjusted to reflect government classification of low (&lt;£10,000) and Medium (£10,001 - £40,000) orders (2.11, 3.6, 4.4, &amp; 6)</li> </ol> <p>Updates made to incorporate the latest Academies Financial Handbook 2020 – including:</p> <ol style="list-style-type: none"> <li>7. The requirement for an Audit &amp; Internal scrutiny committee (2.2)</li> <li>8. Responsibility for ensuring the trust remains a Going concern (2.4)</li> <li>9. An annual review of the Trust's risk register (2.22)</li> <li>10. The requirement to complete the Schools Resource Management self-Assessment tool (2.9 and 3.4)</li> </ol> <p>Updates to address internal scrutiny report findings (Aug-2020)</p> <ol style="list-style-type: none"> <li>11. Introduction of preferred supplier list for spend up to £10,000 (3.8, 4.9, and 6)</li> </ol>



# Finance Scheme of Delegation

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# Finance Scheme of Delegation



## Overview

The Trust Board, in accordance with the Academies Financial Handbook, has agreed the Finance Scheme of Delegation for the school year 2020-21.

The Scheme outlines powers and duties reserved for the Trust Board and those delegated to individuals. Where powers and duties have been delegated the applicable reporting requirements are also detailed to allow suitable oversight.

Furthermore the Scheme defines, in appendix A, those matters that, in addition to the approvals detailed herein, also require the agreement of the ESFA, in accordance with the Academies Financial Handbook



# Finance Scheme of Delegation

## **1 Powers and Duties Reserved for Members**

The Members shall be responsible for:

### **Articles of Association & Funding Agreement**

**1.1** Approving changes to the Articles of Association and Funding Agreement.

### **Accounts and Audit**

**1.5** Appointment of external auditors.

**1.6** Receiving the audited annual accounts and reports.



# Finance Scheme of Delegation

## 2 Powers and Duties Reserved for the Trust Board

The Trust Board shall be responsible for:

### General

**2.1** Approval of a written Finance Scheme of Delegation of its financial powers and duties to the Headteacher and other staff. The scheme must satisfy the Trust Board's ultimate responsibility for ensuring that there are adequate operational controls in place for all the financial processes within the Academy. The Finance Scheme of Delegation should be operated in conjunction with the Financial Regulations of the Academy.

**2.2** Establishment of an Audit and Internal Scrutiny Committee, with written terms of reference agreed by the Trust Board, responsible for; defining and implementing an internal Scrutiny programme; evaluate the suitability, effectiveness and compliance with financial and non-financial controls; advising and informing the Trust Board on how to address compliance and control weaknesses; and overseeing the effectiveness of the Trust's identification, categorisation and management of risk.

**2.3** Establishment of a Financial Review Panel responsible for financial scrutiny and oversight, including reviewing and assessing the Trust's management accounts, financial performance and annual budget submissions, and advising and informing the Trust Board on financial matters, in accordance with the Terms of Reference agreed by the Trust Board.

### Budgets/Budgetary Control

**2.4** Assessing and ensuring that the trust remains a going concern and financially sustainable

**2.5** Reviewing and approving requests to spend budget contingencies.

**2.6** Formally approving the annual Academy budget to be submitted to the ESFA.

**2.7** Considering a minimum of once each term the school management accounts, and status reports, information and recommendations from the Financial Review Panel, with relevant explanations and documentation where required.

**2.8** Review and authorisation the virement of sums in excess of £50,000 between budget holders, as approved and authorised by the Headteacher and Business and Operations Manager, which are to be formally notified to the Trust Board who shall minute the notification.

**2.9** The review and approval of the School resource management self-assessment submission.

### Purchasing

**2.10** Maintain a register, which should be updated on an annual basis. The register should include Members, Trustees, Headteacher, all Finance Office staff and all members of the SLT.

**2.11** Authorisation of the advertising of tenders above £40,000, and the award of orders and contracts over £40,000.

**2.12** Tenders other than the most financially favourable, or late tenders, can only be accepted by the Trust Board who shall minute the reasons for their decision.



# Finance Scheme of Delegation

## Income

**2.13** Authorisation of the write off of debts not collectable (the Secretary of State's prior approval is also required if debts to be written off are above the value set out in Appendix A or the annual funding letter, whichever is the lower).

## Security of Assets

**2.14** Ensuring that there are annual independent checks of assets and the asset register.

**2.15** Authorisation of the disposal of individual items of equipment and materials that have become surplus to requirements, unusable or obsolete with an original purchase value in excess of £1,000 with additional approval from ESFA required for disposal of assets funded with more than £20,000 of ESFA grant or transferred from an LA at nominal consideration (as required by clause 89 of the model funding agreement). Ensuring that any such disposals achieve the best price that can reasonably be obtained, and maintain the principles of regularity, propriety and value for money.

## Accounts and Audit

**2.16** Reviewing the draft financial statements prior to audit and approval of the audited financial statements prior to submission to the Secretary of State by 31 December.

**2.17** Receiving the reports of the external auditor.

**2.18** Receiving the reports of the Responsible Officer on the use of resources, systems of internal financial control, and discharge of financial responsibilities.

**2.19** Informing the Member's and ESFA if it suspects any irregularity affecting resources.

## Remuneration of Senior Leaders

**2.20** Approving the pay and benefits of the head teacher and senior leaders and ensuring that the decision making process is transparent, proportionate and justifiable; including that the decision making process is agreed and documented in advance, is independent and objective, proportionate and consistent with the rate of pay of other teachers.

## Risk Management

**2.21** Managing risks to ensure the schools effective operation, including contingencies and business continuity planning. Maintaining a risk register and reporting key risks to the Trust Board

**2.22** Undertaking an annual review of the Trust's risk register.

## Insurances

**2.23** Ensuring that arrangements for insurance cover are in place and adequate.

## Bank payments

**2.24** Appointing Trustees to authorise banking transactions and payments.



# Finance Scheme of Delegation

## **3 Financial Powers and Duties Delegated to the Headteacher**

The Headteacher has delegated powers and functions in respect of internal organisation, management and control of the Academy, the implementation of all policies approved by the Trust Board and for the direction of teaching and the curriculum.

The Headteacher shall be responsible for:

### **Budgetary control**

**3.1** Reviewing monthly income and expenditure reports, management accounts, cash flow and balance sheet. Ensuring these monthly budgetary control reports are shared with the Chair of Trustees and chair of the Financial Review Panel, and highlighting actual or potential overspending to the Financial Review Panel.

**3.2** Preparing and reviewing requests to spend budget contingencies and submitting them to the Financial Review Panel for review prior to Trust Board approval.

**3.3** Approving virements between budget headings of over £10,000 and up to £50,000 and reporting such approval to the Financial Review Panel.

**3.4** The completion of the School Resource Management Self-assessment for the Trust Board's approval prior to submission to the ESFA by the specified deadline.

### **Financial Management**

**3.5** Ensuring the arrangements for collection of income, ordering of goods and services, payments and security of assets are in accordance with the Financial Regulations.

### **Purchasing**

**3.6** Authorising orders and contracts over £1,000 and up to £40,000 in conjunction with the Business and Operations Manager. Reporting all orders and contracts over £10,000 to the Financial Review Panel.

**3.7** Ensuring that all contracts and agreements conform to the Financial Regulations.

**3.8** Approving the placement of suppliers on the preferred supplier list.

### **Payroll and Personnel**

**3.9** Approving new staff appointments and changes to the contracted hours of staff, within the authorised establishment.

**3.10** Authorising additional hours to be worked by staff and ensuring there is a record of the reason for the additional hours.

**3.11** Certifying the payment of salaries each month, in conjunction with the Business and Operations Manager. Including the review and approval of the payroll reconciliation undertaken each month and corresponding payroll journal.

# Finance Scheme of Delegation



## Security of Assets

**3.12** Ensuring that proper security is maintained at all times for all buildings, furniture, equipment, vehicles, stocks, stores, cash, information and records etc under their control.

**3.13** Ensuring that all disposals over £1,000 are presented to the Trust Board for approval and notifying the Financial Review Panel of all disposals under £1,000. Ensuring that all disposals achieve the best price that can reasonably be obtained, and maintains the principles of regularity, propriety and value for money.

## Accounts and Audit

**3.14** The operation of financial processes within the Academy, ensuring that adequate operational controls are in place and that the principles of internal control are maintained.

**3.15** Ensuring that full, accurate and up-to-date records are maintained in order to provide financial and statistical information.

**3.16** Ensuring that all records and documents are available for audit by the appointed external auditors and by the Responsible Officer.



# Finance Scheme of Delegation

## **4 Financial Powers & Duties Delegated to the Business & Operations Manager**

The Business and Operations Manager shall be responsible for:

### **Budgets/Budgetary Control**

**4.1** Preparing an annual draft budget plan for consideration by the Financial Review Panel and Trust Board in time to meet the ESFA reporting requirements.

**4.2** Monthly monitoring and control of expenditure and income against the approved budget. Producing monthly budgetary control reports, including management accounts, cash flow and balance sheet and submitting reports on the Academy's financial position to every meeting of the Financial Review Panel. Any actual or potential overspending shall be reported to the Financial Review Panel.

**4.3** Approving virements between budget headings up to a value of £10,000 and reporting such approval to the Financial Review Panel.

### **Purchasing**

**4.4** Authorising orders and contracts over £1,000 and up to £10,000 in conjunction with Budget Holders and Headteacher's confirmation.

**4.5** Maintaining a register of formal contracts entered into, amounts paid and certificates of completion.

**4.6** Retention of quotes obtained for goods, works and services.

**4.7** Ensuring that all correct invoices are duly certified by authorised staff before payments are made and that invoices, vouchers and other records are retained and stored in a secure way and are readily available for inspection by authorised persons.

**4.8** Ensuring the appropriate division of duties between staff responsible for processing orders, receiving deliveries and processing payments.

**4.9** Maintaining a preferred supplier list for purchase less than £10,000; including periodically (every 12 to 18 months) validating that suppliers remain competitive and able to offer value for money.

### **Payroll and Personnel**

**4.10** Notifying the payroll provider of any matters affecting payments to employees.

**4.11** Ensuring that the monthly payroll is checked, and certifying it for payment in conjunction with the Headteacher.

### **Income**

**4.12** Ensuring that all income is accurately accounted for and is promptly collected and banked intact.

# Finance Scheme of Delegation



## **Banking Arrangements**

**4.13** Maintaining proper records of accounts and reviewing monthly bank reconciliations.

**4.14** Maintaining the school's bank mandates in accordance with the Trust Board's instructions and ensuring there are sufficient authorised individuals to ensure the timely processing of bank transactions.

**4.15** The management of school bank accounts to ensure cost efficient, accurate and timely transactions, receipts and statements.

## **Insurances**

**4.16** Notifying the Financial Review Panel on any eventuality that could affect the Academy's insurance arrangements.

## **Security of Assets**

**4.17** Maintaining a permanent and continuous register of all major fixed assets.

## **Information and Communication Systems**

**4.18** Maintaining the standards of control for such systems in operation within the Academy to include the use of properly licensed software, and for the security and privacy of data in accordance with the Data Protection Act and General Data Protection Regulations.



# Finance Scheme of Delegation

## **5 Financial Powers and Duties Delegated to Other Staff**

Members of staff with delegated responsibilities should be aware that these must be exercised in accordance with Financial Regulations.

The following responsibilities are delegated to other staff in addition to the Headteacher and Business and Operations Manager.

### **Budgets/Budgetary Control**

**5.1** Appointed Budget Holders are responsible for checking and certifying termly statements of expenditure against their delegated budget and for reporting any errors or irregularities to the Business and Operations Manager. Any actual or potential overspending shall also be reported to the Business and Operations Manager.

### **Purchasing**

**5.2** The following members of staff, in addition to Headteacher and Business and Operations Manager, are authorised to open tenders in the presence of another authorised person:

- Senior Leadership Team member as assigned by the Headteacher

**5.4** The following members of staff are authorised to receive and check goods:

- Budget Holders
- Administrators nominated by the Budget Holder

### **Payroll**

**5.5** Headteacher/Business and Operations Manager can authorise claims for supply staff.



# Finance Scheme of Delegation

## 6 Summary of Financial Authorisation Levels

Delegated Duty	Value	Delegated Authority	Method
Ordering Goods and Services (raising requisitions)	Up to £1,000	Budget Holder	Selection from preferred supplier list unless agreed otherwise with BM
	£1,001 to £10,000	As above plus Business and Operations Manager and Headteacher	Minimum of two quotes or one quote from the preferred supplier list
	£10,001 to £40,000		Minimum of three quotes
	Over £40,000	Trust Board	Formal tendering process, including advertising in OJEU (if over the OJEU threshold)
	Authority to accept other than lowest quotation or tender	Next higher level of authorisation	
Signatories for cheques, BACS payment authorisations and other bank transfers	Under £5,000	Two signatories from: <ul style="list-style-type: none"> <li>* Business &amp; Operations Manager</li> <li>* Headteacher</li> <li>* Nominated Assistant Headteacher</li> </ul>	
Signatories for cheques, BACS payment authorisations and other bank transfers	£5,000 or over	One signatory from * plus signature from a nominated Trustee: <ul style="list-style-type: none"> <li>* Business and Operations Manager</li> <li>* Headteacher</li> <li>* Nominated Assistant Headteacher</li> <li>- Nominated Trustee</li> </ul>	
Signatories for ESFA grant claims and ESFA returns	Any	Two signatories (or as required by ESFA) from: <ul style="list-style-type: none"> <li>- Business and Operations Manager</li> <li>- Headteacher</li> </ul>	



# Finance Scheme of Delegation

		<ul style="list-style-type: none"> <li>- Nominated Assistant headteacher</li> <li>- Nominated Trustee</li> </ul>	
Virement of budget provision between budgets	Up to £10,000	Business and Operations Manager with reporting to the Financial Review Panel	
	£10,001 to £50,000	As above plus Headteacher, with reporting to the Financial Review Panel	
	Over £50,000	Trust Board	
	Up to £50,000	Reporting by the Financial Review Panel chair to the Trust Board	
Disposal of assets	Below £1,000	Headteacher plus the Business and Operations Manager	
	£1,001 to £20,000	As above plus Trust Board	
	Over £20,000	As above, plus ESFA approval required for disposal of assets funded with more than £20,000 of ESFA grant, or transferred from an LA at nominal consideration	
Write-off of bad debts	Up to £1,000	Trust Board	
	Over £1,000	As above plus ESFA approval	
Monitoring invoices to collect income	Up to £5,000	Business and Operations Manager	
	£5,001 to £10,000	As above plus Headteacher	
	Over £10,000	As above plus Trust Board	



# Finance Scheme of Delegation

## Appendix A – Matters requiring the Agreement of the ESFA

Requirements as detailed in the Academies Financial Handbook 2020 (AFH) and/or as modified by the Model Funding Agreement [29-Mar-2011].

Decision Category	Description	AFH Reference(s)	Applicable Conditions
Novel, contentious and repercussive	Novel, contentious and repercussive transactions	[5.5]	ESFA prior agreement required
Special payments	Staff severance and compensation	[5.10 and 5.14]	ESFA agreement required if £50,000 or more before tax
	Ex gratia payments	[5.17]	ESFA agreement required
Write-offs and liabilities (subject to £250,000 ceiling)	Writing-off debts and losses	[5.18 and 5.19]	ESFA consent required if exceeds: • 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		
Acquisition and disposal of fixed assets	Acquiring freehold land/buildings	[5.22]	ESFA agreement required
	Disposing of a freehold on land/buildings		
	Disposing of heritage assets		
	Other disposals	[5.23]	Trust has full discretion subject to model funding agreement conditions Clause 89.
Leasing	Taking up a finance lease	[5.25]	ESFA agreement required
	Taking up a leasehold on land and buildings		ESFA agreement if lease term seven years or more
	Taking up any other lease	[5.26]	Trust has full discretion
	Granting a lease on land and buildings	[5.25]	ESFA agreement required
GAG	GAG carry forward	[5.28]	Up to 12% as defined in Clause 78 of the model funding agreement.
Borrowing	Loan, overdraft	[5.32]	ESFA agreement required
	Credit cards (for business use)	[5.32]	Trust has full discretion provided charges not incurred
Related party transactions	Supplies to the trust from related parties	[5.41]	ESFA agreement required over £20,000 and over associated limits in 5.41