

# Scheme of Delegation for Governance

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## **Statement of intent**

In accordance with the ESFA's 'Academies financial handbook' (AFH), this document outlines the delegation of financial powers within Fir Vale School.

The trust is committed to providing a high standard of education and care, whilst ensuring that robust internal controls are in place to ensure 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 effective and transparent manner.

This Scheme of Delegation of Financial Powers has been reviewed and approved by the Governing Body and will be reviewed and updated on an annual basis.

## **1. Legal framework**

- 1.1. This scheme of delegation has due regard to all relevant legislation and statutory guidance including, but not limited to, the following:
  - ESFA (2020) 'Academies financial handbook'
  - The Companies Act 2006
- 1.2. This policy operates in conjunction with the following trust policies:
  - Gifts and Hospitality Policy
  - Whistleblowing Policy

## **2. Responsibilities of the trust members**

- 2.1. 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.
- 2.2. In accordance with the letter of engagement, the members will vote on any proposals to remove external auditors – reasons for removing an auditor must be provided.

## **3. Responsibilities of the Governing Body**

- 3.1. A written scheme of delegation of financial powers will be approved by the Governing Body, ensuring that there are adequate operational controls in place for all the financial processes within the trust.
- 3.2. The Governing Body is 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 AFH.
- 3.3. The Governing Body is responsible for taking ownership of the trust's financial sustainability and its ability to operate as a going concern – this includes the proper stewardship of assets, ensuring regularity, propriety, and value for money in the trust's activities, and the efficient use of resources to maximise outcomes for pupils.
- 3.4. Annual budgets will be formally approved by the Finance and resources Committee prior to the start of the new financial year.
- 3.5. Budgetary control reports from the Finance & Resources will be discussed at least once per term.
- 3.6. All capital plans for the trust, as recommended by the Finance & Resources Committee, will be received and approved by the Governing Body on an annual basis.
- 3.7. A Declared Conflicts of Interests Register for all Governors and staff with financial responsibilities will be kept and maintained by the Governing Body.

3.8. The Governing Body is responsible for the following:

**External audit**

- Appointing a Business Manager who is employed by the trust – prior ESFA approval is required if the trust, in exceptional circumstances, proposes to appoint a Business Manager who will not be an employee.
- Appointing a Finance & Resources Committee to oversee financial scrutiny and oversight and support the board in maintaining the trust as a going concern.
- 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.
- Cooperating with external risk management auditors and external risk managers and implementing reasonable recommendations where necessary.
- Ensuring there is an appropriate, reasonable and timely response to the auditor's 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:
  - Additional funding
  - Writing off debts and losses
  - Entering into guarantees, letters of comfort and indemnities
  - Acquiring freeholds
- Cooperating 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 any novel, contentious or repercussive investments.
- Seeking approval from the ESFA for ex-gratia transactions.
- Notifying the ESFA if a deficit budget is proposed.

- Complying with any financial notices to improve.

### **Approval and authorisations**

- Approving whistleblowing procedures, which are published on the trust's website, and ensuring individuals' right to whistle blow. At least one trustee and one member of staff will be appointed for staff to report concerns to.

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

- Reviewing and approving the budget forecast return outturn before the 18 May annual deadline for submission to the ESFA.
- Reviewing and approving the BFR3Y before the 27 July annual deadline for submission to the ESFA.
- **[New]** Explaining its policy for holding reserves in its annual report.
- 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 Governing Body.
- Ensuring that financial plans are prepared and monitored to confirm the trust remains a going concern and financially sustainable.
- Reviewing the trust's Asset Register on an annual basis and reviewing the Risk Register at least annually.
- Reviewing financial reports prior to the submission of the audited financial statements to the Secretary of State by 31 December each year.
- Reviewing all pay awards, with any decisions reported to the Finance & Resources Committee.
- Including contingency and business continuity planning as part of risk management procedures.
- Ensuring sound internal control, risk management and assurance processes 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 AFH.

### **Appointing an audit and risk committee**

- Appointing an audit and risk committee, in line with the following requirements:

- The trust will have an audit and risk committee which is combined within the Finance & Resources Committee. Where it is combined with another committee, employees should not participate as members when audit matters are discussed.
- The audit and risk committee will meet at least three times a year.
- The audit and risk committee will direct the trust's programme of internal scrutiny, ensure that risks are being addressed appropriately through internal scrutiny, and report to the Governing Body on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks.
- There will be clear terms of reference in place which describe the remit of the audit and risk committee, including advising on the adequacy of financial and non-financial controls and risk management arrangements in the trust. The committee must also direct a programme of internal scrutiny and consider the results and quality of any external audit.
- Employees of the trust are not permitted to be members of the audit and risk committee; however, the accounting officer and Business Manager will attend, wherever possible, committee meetings to provide information and participate in discussions. The chair of trustees will not be the chair of the committee.
- Only appointed members of the audit and risk committee, who have been approved by the Governing Body, will vote on any matters – the committee can, however, appoint non-voting members to advise the committee.
- Members of the audit and risk committee will withdraw from the meeting if there is an identified or potential conflict of interest, or there is a motion to question their ability to remain impartial.

### **Appointing staff**

- Appointing a Headteacher, who will also be the trust's accounting officer.
- 3.9. The board will delegate Headteacher performance management to the Finance & Resources Committee on an annual basis, as well as any resulting pay awards.
- 3.10. All senior leadership appointments will be approved by the Governing Body.
- 3.11. The chair of the Governing Body and the accounting officer are responsible for ensuring that the capacity of Headteacher and senior leaders to control and influence does not conflict with the requirements for managing connected party transactions.

- 3.12. The Governing Body will inform the ESFA if it suspects any irregularity regarding trust funds and instances of fraud or theft exceeding £5000 in a financial year.

#### **4. Delegated powers of the accounting officer**

- 4.1. 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.
- 4.2. 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 Governors for the proper conduct and financial operation of the trust.
- 4.3. The accounting officer is personally responsible for assuring the Governing Body that the trust is compliant with the AFH and the funding agreement.
- 4.4. The accounting officer is required to advise the Governing Body in writing if, at any time, in their opinion, any action or policy under consideration by them is incompatible with the terms of the articles, funding agreement or AFH.
- 4.5. The accounting officer will advise the Governing Body in writing if the Governing Body appears to be failing to act where required to do so by the terms and conditions of the AFH or funding agreement.
- 4.6. Where the Governing Body continues to act in ways not in accordance with the specified conditions, the accounting officer will consider the reasons the Governing Body gives for its decision. If the accounting officer still considers that the action proposed by the Governing Body is in breach of the articles, the funding agreement or the AFH, the accounting officer is responsible for notifying the ESFA's accounting officer immediately and in writing.
- 4.7. 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.
- 4.8. Each year, the accounting officer is required to share the annual 'Dear Accounting Officer' letter from the ESFA with the trust's members, trustees, chief financial officer and other members of the SLT. They must also arrange for it to be discussed by the Governing Body and take action where appropriate to strengthen the trust's financial system and controls.
- 4.9. It is the responsibility of the accounting officer to demonstrate how value for money has been achieved.

#### **5. Delegated powers of the Finance & Resources Committee**

- 5.1. The Finance & Resources Committee will always comply with the trust's trustee code of conduct.



- 5.2. The Finance & Resources Committee will take responsibility for appointing a professional clerk to advise and guide the committee of their duties and responsibilities, and to record minutes of all committee meetings.
- 5.3. The Finance & Resources Committee will be responsible for undertaking and attending relevant training when appropriate.
- 5.4. The Finance & Resources Committee will take responsibility for reporting to the Governing Body on the proceedings, recommendations and decisions of the committee.
- 5.5. The Finance & Resources Committee exercises the powers and duties delegated to it by the Governing Body in relation to the financial administration of the trust.
- 5.6. The Finance & Resources Committee will meet as regularly as necessary, but at least once a term.
- 5.7. 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.
- 5.8. The committee is responsible for reviewing the trust's financial statements and highlighting any significant issues to the Governing Body, prior to submission to the Secretary of State.
- 5.9. At each meeting of the Governing Body, the Finance & Resources Committee will report on decisions taken under their delegated powers.
- 5.10. The Finance & Resources Committee is responsible for reviewing the reports of the Business Manager regarding the effectiveness of the trust's financial procedures and controls, reporting any findings to the Governing Body.
- 5.11. The annual budget will be approved by the Finance & Resources Committee and reported to the Governing Body.
- 5.12. The committee will report all significant financial matters and any potential overspending to the Governing Body.
- 5.13. The Finance & Resources Committee is responsible for ensuring that appropriate insurance arrangements are in place for the trust.
- 5.14. The purchase of goods and services, in line with the agreed authorisation levels outlined in [Appendix A](#), will be authorised by the Finance & Resources Committee and reported to the trust board.
- 5.15. Expenditure on goods and services between £30,001 and £100,000 in value will be authorised by the Finance & Resources Committee.
- 5.16. The Finance & Resources Committee will direct the authorisation for goods and services, as necessary, in line with [Appendix A](#).

- 5.17. Members of the Finance & Resources Committee will withdraw from the meeting if there is an identified or potential conflict of interest, or there is a motion to question their ability to remain impartial.
- 5.18. The Finance & Resources Committee will advise the Governing Body 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.
- 5.19. The Finance & Resources Committee will be responsible for reviewing and offering advice with regards to the development of anti-fraud policies, whistleblowing processes and arrangements for special investigations.
- 5.20. The Finance & Resources Committee will always comply with the trust's trustee code of conduct.
- 5.21. Reviewing and approving all gifts received by executive and senior leaders in line with the trust's Gifts and Hospitality Policy.
- 5.22. Ensuring an effective Pay Policy is developed and implemented.
- 5.23. Ensuring the analysis of pay information to identify and explore any gender pay gaps, challenges to achieving pay equality in the trust and any successes.
- 5.24. Ensuring information about the gender pay gap is published on the trust website.

## **6. Delegated powers of the audit and risk committee**

- 6.1. The audit and risk committee will always comply with the trust's Trustee Code of Conduct.
- 6.2. The audit and risk committee will take responsibility for appointing a professional clerk to advise and guide the committee of their duties and responsibilities, and to record minutes of all committee meetings.
- 6.3. The audit and risk committee will be responsible for undertaking and attending relevant training when appropriate.
- 6.4. The audit and risk committee will take responsibility for reporting to the Governing Body on the proceedings, recommendations and decisions of the committee.
- 6.5. The audit and risk committee will handle all matters relating to auditing, internal scrutiny, finance and risk management.
- 6.6. The audit and risk committee will have due regard to all relevant legislation and advise the Governing Body when policies and procedures need to be revised in accordance with updates.
- 6.7. Where necessary, the audit and risk committee will seek professional advice to ensure they can carry out their duties effectively.

- 6.8. The audit and risk committee will take responsibility for providing the ESFA with any internal scrutiny reports they request and ensuring the audited accounts are submitted to the ESFA by 31 December each year.
- 6.9. The audit and risk committee will receive reports, e.g. the annual accounts and management letters, consider any issues raised and the associated management response and action plans, and report necessary actions to the Governing Body.
- 6.10. The audit and risk committee will be responsible for directing the trust's programme of internal scrutiny and ensuring it is informed by risk. The committee will report the findings from internal scrutiny activities to the Governing Body.
- 6.11. The audit and risk committee will compile a report highlighting the areas they have reviewed and if any progress has been made in these areas – reports will also include key findings, recommendations and conclusions.
- 6.12. The audit and risk committee will take responsibility for the appointment, re-appointment, dismissal and remuneration of external and regulatory auditors, and for reviewing the quality of their work.
- 6.13. The audit and risk committee will review the external auditor's plan each year, the annual report and accounts, the auditor's findings and actions taken by the trust's managers in response to those findings.
- 6.14. The audit and risk committee will assess the effectiveness and resources of the external auditor to provide a basis for decisions by the trust's members about the auditor's reappointment, dismissal or retendering, and produce an annual report of the committee's conclusions and recommendations on this question to advise the Governing Body and members.
- 6.15. With regards to risk management, the audit and risk committee will:
  - Report to the Governing Body on the adequacy of the trust's risk management processes.
  - Make recommendations and advise on the strategic processes for risk, control and governance, and the governance statement.
  - Advise on assurances relating to the management of risk and governance requirements for the trust.
- 6.16. The audit and risk committee must meet at least three times a year and, during these meetings, the committee will carry out the following tasks:
  - Agreeing a programme of work annually to deliver internal scrutiny that provides coverage across the year, reviewing the ratings and responses on the trust's risk register to inform the programme
  - Agreeing who will be responsible for overseeing each element of the programme of work
  - Reviewing internal and external audit plans for the academic year

- Reviewing the trust's budget forecast returns to ensure their accuracy and compliance with the trust's funding criteria
- Commenting on the annual report and accounts for the previous academic year prior to their finalisation and submission for auditing
- Reviewing the content of the governance statement before it is presented alongside the finalised accounts
- Discussing recommendations and the outcomes of assurance activities from third parties
- Reviewing the trust's land and buildings collection tool (LBCT) to ensure its compliance with the trust's funding criteria
- Reviewing and considering the annual audited accounts
- Discussing the implications of the result of the accounting officer's statement of regularity
- Considering the internal scrutiny report and discussing the progress made against recommendations regarding enhancing financial and other controls and risk management procedures
- Discussing recommendations and outputs of assurance activities from third parties, including ESFA financial management and governance reviews, funding audits and investigations
- Agreeing the committee's annual report to the Governing Body and the accounting officer
- Re-visiting findings from external auditors and reviewing actions in response to audits
- Reviewing and challenging the internal and external audit strategy
- Considering the committee's own effectiveness

## **7. Delegated powers of the Headteacher**

- 7.1. 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.
- 7.2. The Headteacher will prepare and present an annual budget to the Finance & Resources Committee prior to the start of the year.
- 7.3. Management accounts will be reviewed by the Headteacher, with potential overspending highlighted to the Finance & Resources Committee and Governing Body.
- 7.4. The Headteacher is responsible for planning, preparing and annually updating a three-year strategic plan.

- 7.5. The Headteacher will ensure that all conflicts of interest concerning staff members with financial responsibility are declared and accurately recorded.
- 7.6. The Headteacher is responsible for ensuring that all trust spending is in accordance with the specified authorisation levels.
- 7.7. Tenders can be opened by the Headteacher when in the presence of another authorised person.
- 7.8. In liaison with the Business Manager, the Headteacher certifies the payment of salaries each month and authorises any necessary overtime.
- 7.9. Annual pay awards, including those in relation to non-teaching staff, will be reviewed on an annual basis by the Headteacher and recommendations for approval to the Finance & Resources Committee will be made.
- 7.10. 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.
- 7.11. In conjunction with the Business Manager and other authorised signatories, the Headteacher is responsible for signing cheques on behalf of the trust.
- 7.12. Working closely with the Business Manager, the Headteacher is responsible for ensuring that the trust bank account does not become overdrawn.
- 7.13. In liaison with the Business Manager, the Headteacher will ensure that all staff members with access to the trust's online banking have the appropriate level of authority and that the correct procedures are followed.

## **8. Delegated powers of the Business Manager (BM)**

- 8.1. The BM is responsible for the management of the trust's financial position at a strategic and operational level within the framework of financial control, as determined by the Governing Body, maintaining effective systems of internal control within the trust.
- 8.2. The BM works closely with the Headteacher to ensure efficient and effective day-to-day management of the trust's finances, liaising with the Finance & Resources Committee and Governing Body as appropriate.
- 8.3. The BM is responsible for ensuring there is an appropriate division of duties between staff responsible for processing orders, receiving deliveries and processing payments.
- 8.4. The BM is responsible for ensuring that all required information and documentation is submitted to the DfE and ESFA in line with the specified deadlines.
- 8.5. The BM is responsible for ensuring that all income is accurately accounted for and is promptly collected and banked.

- 8.6. The BM will assist the Headteacher in preparing and presenting an annual budget to the Finance & Resources Committee prior to the start of the year.
- 8.7. In liaison with the Headteacher, the BM certifies the payment of salaries each month and authorises any necessary overtime in accordance with the trust's agreed policy.
- 8.8. The BM is responsible for notifying the payroll provider of any matters affecting payments to employees.
- 8.9. Working alongside the Headteacher, the BM will assist in preparing an annual draft budget for consideration by the Finance & Resources Committee and Governing Body prior to the start of the academic year.
- 8.10. Management accounts are shared with the chair of trustees on a monthly basis and with other Governors at least six times a year.
- 8.11. If the trust is served a Financial Notice to Improve (FNtI) by the ESFA, the BM will publish this to the trust's website within 14 days of the FNtI being issued, and it will be kept on site until the ESFA lift the notice.
- 8.12. The BM is responsible for maintaining the trust's asset and risk registers.
- 8.13. In conjunction with the Headteacher and other authorised signatories, the BM is responsible for signing cheques on behalf of the trust.
- 8.14. The BM is responsible for maintaining a record of all contracts entered into by the trust, including details of payments, quotes obtained and invoices received.
- 8.15. Where appropriate, the BM will advise the Headteacher and the Finance & Resources Committee on purchasing decisions.

## **9. Delegated powers of other school staff**

- 9.1. Designated staff members will be delegated financial responsibility in order to support the Headteacher with the maintenance of the financial controls and procedures in operation at the trust.
- 9.2. Staff members with financial responsibility are aware of the financial regulations which they must act in accordance with.
- 9.3. The following members of staff are authorised to receive and check goods on behalf of the trust:
  - Budget holders
  - Administrators nominated by the budget holder
- 9.4. Appointed budget holders are responsible for checking and certifying monthly statements of expenditure against the delegated budget, reporting any potential overspending to the BM.
- 9.5. Staff members will notify the BM of any eventuality that could affect the trust's insurance arrangements, such as a school trip.

- 9.6. 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

- 10.1. Where the trust's transactions go beyond the specified delegated authority limits, prior approval from the ESFA will be sought.
- 10.2. The trust will seek the ESFA's prior approval for borrowing from any source where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies.
- 10.3. All trust funds, including those involving credit cards and online banking, will only be used for business expenditure and all balances will be cleared before interest accrues.
- 10.4. All members of the Governing Body who hold delegated powers are responsible for ensuring that:
- Spending has been for the purpose intended and 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, and the procurement rules and thresholds in [The Public Contracts Regulations 2015](#) are observed
  - Relevant professional advice is obtained, where appropriate.
- 10.5. 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.
- 10.6. Relevant financial procedures implemented within the trust are outlined in the following trust policies:
- Pay Policy
  - Gifts and Hospitality Policy
- 10.7. All special payments, including staff severance of any value, will be disclosed in total and individually.
- 10.8. All ex-gratia payments will be referred to the ESFA for prior authorisation.
- 10.9. 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.
- 10.10. All members, trustees, employees and accounting officers with financial responsibility are required to record the details of any 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. .

- 10.11. 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.
- 10.12. Prior approval of the ESFA will be sought for all transactions with connected parties that are perceived as novel, contentious or repercussive.
- 10.13. Prior approval of the ESFA will be sought when writing-off debts and losses and entering into guarantees, letters of comfort or indemnities.
- 10.14. 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.
- 10.15. 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.
- 10.16. In accordance with the specified authorisation levels in [Appendix A](#), prior approval will be obtained for purchases and payments as necessary, including from external parties such as the ESFA and Charity Commission.
- 10.17. All agreements between the trust and an individual or organisation will be on the basis of an open book agreement, including a requirement for the supplier to demonstrate, if requested, that their charges do not exceed the cost of supply.
- 10.18. All agreements between the trust and an individual or organisation will be supported by a statement of assurance from the individual or organisation confirming that their charges do not exceed the cost of the goods or services supplied.
- 10.19. The DfE's 'Get Information About Schools' (GIAS) will be kept up-to-date and the ESFA will be notified about any changes relating to governance information.

## **11. Monitoring and review**

- 11.1. This document is reviewed annually by the Governing Body, or sooner if updates to the AFH require changes to be made.
- 11.2. Any changes to this policy will be communicated to members of staff by the Headteacher.
- 11.3. The scheduled review date for this policy is Autumn 2022.



