

THE LUTTERWORTH ACADEMIES TRUST

SCHEME OF FINANCIAL DELEGATION

The Board of Directors will agree a Scheme of Delegation, established as a formal schedule that distinguishes between financial matters reserved exclusively for the Directors' approval or decision, and matters delegated to Local Governing Bodies, committees and individuals. The Scheme of Delegation includes the financial limits and signatories applicable to such matters as placing orders and contracts, and issuing cheques.

This is a key document which forms the basis for all financial controls in The Lutterworth Academies Trust and will be reviewed and approved by the Board of Directors on an annual basis.

Approved by Board of Directors (date)

TBC

Signed on behalf of the Board of Directors

Chair of Board of Directors

POWERS AND DUTIES RESERVED FOR THE BOARD OF DIRECTORS

The Board of Directors shall be responsible for:

GENERAL

- Approval of a written scheme of delegation of its financial powers and duties to its Board of Directors, Finance and HR committee, Executive Principal, Head Teachers and other staff. The scheme must satisfy the Board of Directors ultimate responsibility for ensuring that there are adequate operational controls in place for all the financial processes within The Lutterworth Academies Trust. The Scheme of Delegation should be operated in conjunction with the Academies Financial Handbook, Funding agreements and any other financial policies or guidelines of The Lutterworth Academies Trust.

BUDGETS/BUDGETARY CONTROL

- Formally approving the annual budget for each Academy within TLAT at least two months prior to the start of each financial year.
- Formally approving the recharge policy between Academies in the Trust at least two months prior to the start of each financial year.
- Considering budget reports and recommendations from the Finance Director at every meeting, with relevant explanations and documentation where required.
- Retrospective authorisation of all virements between budget lines. Details of all virements approved and authorised by the Accounting Officer (> 2% of the budget) are to be formally notified to the Board of Directors.

PURCHASING

- Authorisation of the advertising of tenders above £100,000, and authorising the award of such tenders.

INCOME

- Authorisation of the write off of debts not collectable in excess of £5,000. (the Secretary of State's prior approval is also required if debts to be written off are above £250,000)

SECURITY OF ASSETS

- 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 £20,000 (The Secretary of State's approval may also be required depending on the nature of the asset and funding).

ACCOUNTS AND AUDIT

- 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.
- Receiving the reports of the external auditor and approving recommendations from the Finance and HR Committee for action as appropriate in response to any audit findings.
- Informing the EFA if it suspects any irregularity affecting resources.

DUTIES OF THE FINANCE AND HR COMMITTEE

FINANCE

- To ensure that the Trust operates within the guidelines of the current Academies Financial Handbook which sets out the financial management, control and reporting requirements with which academy trusts must comply.
- To review and recommend to the Directors the approval of the Trusts annual budget as prepared by the Finance Director and to consider and make recommendations regarding proposals for changes to the budget once set.
- To receive and monitor the current year's financial plan agreed by the Board of Directors for the Trust and the individual schools: ensuring significant variance is reported to Directors and appropriate action taken.
- To monitor, and ensure maintenance of, a 5-year financial plan and ensure directors are made aware of this and its likely consequences.
- To receive monitoring reports on the budget at least five times per year and make recommendations to Directors regarding any revisions.
- To monitor expenditure of all voluntary funds kept on behalf of the Board of Directors.
- To monitor expenditure of other monies received by the Trust such as capital grants.
- To review, at appropriate times, all finance related policies and procedures.
- To make recommendations to the Board of Directors in respect of significant changes to service agreements.
- To consider information from benchmarking exercises to seek to ensure best value for money.
- To make recommendations regarding the management and deployment of all resources to ensure that the Trust provides best value for money.
- To ensure sufficient funds are available for pay progressions recommended by the Executive Principal.
- To record and monitor all risks relating to finance.

INSURANCES

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

HUMAN RESOURCES

- To keep under review, the staffing structure in consultation with the Executive Principal & Heads of School.
- To make recommendations to the Board of Directors for any changes to the staffing structure leading to staff restructuring.
- To review policies and procedures relating to the Trust's role as an employer in line with the policy review schedule.

ESTATES

- To keep under review, the Building Development Plan and Accessibility Plan.
- To ensure that Health and Safety issues are appropriately managed and prioritised including receiving minutes and considering any recommendations from the Health & Safety Consultative Group that have financial implications.
- To make recommendations regarding arrangements (e.g. charging policy) for the use of the Trust premises by external users.
- To monitor the financial efficiency of the catering provision.

DUTIES OF THE AUDIT COMMITTEE

- review the quality and completeness of the Trust's financial statements and reports to ensure they fulfil the requirements of the board of directors for running effectively the business of the Trust;
- ensure the board of directors is providing sufficient and appropriate challenge of the Trust's financial statements and reports;
- Liaise with the external auditor to define and agree the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co-operation of staff;
- consider all relevant reports by the appointed external auditor, including reports on the Trust's statutory accounts, the regularity audit opinion, achievement of value for money and the response to any management letters;
- review, on an annual basis, the quality and value of the service provided by the external auditor and make a recommendation to the board of directors as to whether or not the external auditor should be reappointed;

- review the effectiveness of the Trust's internal control system established to ensure that the aims, objectives and key performance targets of the Trust are achieved in the most economic, effective, efficient and environmentally preferable manner;
- define the scope of the internal audit plan each year and determine how the plan will be achieved using internal and external resources;
- ensure that the Trust's internal audit arrangements meet or exceed the requirements of the current Academies Financial Handbook;
- consider and advise the board of directors on the Trust's annual internal and external audit programme;
- consider all financial reports and inspections and the arrangements for any follow-up of findings or implementation of recommendations included therein;
- review, on an annual basis, the Trust's risk management strategy. Ensure that adequate systems are in place to identify significant risks, allocate these risks to owners and manage these risks, and that these systems are operating effectively;
- receive and respond to any reports of instances of fraud within the Trust;
- review the operation of the Trust's code of practice for the board of directors and code of conduct for staff;
- consider any other matters where requested to do so by the board of directors; and
- report at least once a year to the board of directors on the discharge of the above duties.

FINANCIAL POWERS AND DUTIES DELEGATED TO THE EXECUTIVE PRINCIPAL

The Executive Principal has delegated powers and functions in respect of internal organisation, management and control of the Academies, the implementation of all policies approved by the Board of Directors and for the direction of teaching and the curriculum.

The Executive Principal shall be responsible for:

BUDGETARY CONTROL

- In conjunction with the Finance Director, reviewing income and expenditure reports and highlighting actual or potential overspending to the Finance and HR committee.
- To facilitate the efficient day to day operation of the Academies, it is necessary to give delegated powers to the Executive Principal to vire amounts between budgets. The Executive Principal is therefore given delegated power to vire from one budget to another and shall seek approval from the Board of Directors retrospectively providing that this stays within the overall budget.

FINANCIAL MANAGEMENT

- Ensuring the arrangements for collection of income, ordering of goods and services, payments and security of assets are in accordance with the Financial Regulations in conjunction with the Finance Director.

PURCHASING

- Authorising orders and contracts up to £100,000 in conjunction with the Finance Director (see the table below for further information)
- Ensuring that all contracts and agreements conform to the Financial Regulations.

PAYROLL AND PERSONNEL

- Approving new staff appointments within the authorised establishment.

SECURITY OF ASSETS

- In conjunction with the Head teachers, ensuring that proper security is maintained at all times for all buildings, furniture, equipment, vehicles, stocks, stores, cash, information and records etc under his/her control.

ACCOUNTS AND AUDIT

- 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.
- Ensuring that full, accurate and up to date records are maintained in order to provide financial and statistical information.
- Ensuring that all records and documents are available for audit by the appointed external auditors and any other approved bodies, e.g TPS, HMRC, internal auditors etc.

FINANCIAL POWERS AND DUTIES DELEGATED TO THE FINANCE DIRECTOR

The Finance Director shall be responsible for:

BUDGETS/BUDGETARY CONTROL

- Preparing an annual draft budget plan for consideration by the Finance and HR committee and Board of Directors before the start of the relevant financial year.
- Monthly monitoring of expenditure and income against the approved budget and submitting reports on the Academies financial positions to every meeting of the Finance and HR Committee. Any actual or

potential overspending shall be reported to the Finance and HR Committee and to the Board of Directors.

- In conjunction with the Executive Principal, approving virements between budget headings up to 2% of the budget and reporting such virements to the Finance and HR committee.

PURCHASING

- Authorising orders and contracts up to £10,000 in conjunction with Budget Holders and £100,000 in conjunction with the Executive Principal (see the table below for further information)
- Maintaining a register of formal contracts entered into, to include amounts paid, certificates of completion or other information as relevant
- Retention of quotes obtained for goods, works and services in excess of £10,000.
- 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.
- Ensuring the appropriate division of duties between staff responsible for processing orders, receiving deliveries and processing payments.

PAYROLL AND PERSONNEL

- Ensuring that any matters affecting payments to employees are processed promptly and efficiently.
- Ensuring that the monthly payroll is checked, and certifying it for payment by the Executive Principal or Head Teacher.

INCOME

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

BANKING ARRANGEMENTS

- Maintaining proper records of account and reviewing monthly bank reconciliations.

INSURANCES

- Notifying the Finance and HR Committee on any eventuality that could affect the Academies' insurance arrangements.

SECURITY OF ASSETS

- Maintaining a permanent and continuous register of all items of furniture, equipment, vehicles and plant.

ACCOUNTS AND AUDIT

- In conjunction with external advisors, ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the academy.
- Appointment of external auditors in conjunction with Accounting officer and HR and Finance committee.
- Produce audited accounts

RISK REGISTER

- Maintaining a permanent and continuous register of all risks.
- Notify the Finance and HR Committee of all risks.

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 Executive Principal and Finance Director:

BUDGETS/BUDGETARY CONTROL

- Budget Holders as published at the start of each academic year are responsible for regular checking of monthly statements of expenditure against their delegated budget and for reporting any errors or irregularities to the Finance Director.

INFORMATION AND COMMUNICATION SYSTEMS

- The IT Manager is responsible for maintaining the standards of control for such systems in operation within the Academy to include the use of properly licensed software.
- The Data Manager is responsible for the security and privacy of data in accordance with the Data Protection Act.

PURCHASING

- The following members of staff can authorise expenditure up to the values indicated provided it is within the scope and remaining balance of their delegated budget:
 - Budget Holders – up to £5,000
 - Administrators nominated by the Budget Holder – up to £100 unless advised otherwise by the Budget Holder.
- The following members of staff, in addition to the Executive Principal and the Finance Director, are authorised to open tenders in the presence of another authorised person:

- Head Teachers or Deputy Head Teachers
- The following members of staff are authorised to receive and check goods:
 - Budget Holders
 - Administrators nominated by the Budget Holder

PAYROLL

- Budget Holders can authorise time records and authorise overtime within their delegated budget or if the additional hours have been pre-authorised by either the Finance Director or Executive Principal.

SUMMARY OF FINANCIAL AUTHORISATION LEVELS

Delegated Duty	Value	Delegated Authority	Comments
Ordering Goods and Services	Up to £5,000 £5,000 to £10,000	Budget Holder Budget Holder with authorisation of Head teacher	Staff may order goods and services from whichever reputable source they see fit; but will be expected to take into account quality and value for money. They must also ensure that the goods will be safe and fit for purpose taking account legislation, guidance and health and safety issues.
	£10,000 to £50,000	As above with the authorisation of Executive Principal	Minimum of three quotes
	£50,000 to £100,000	Executive Principal	Minimum 3 quotes and specific approval for budget spend from Finance and HR committee, i.e. IT & Estates capital planning (Excl exam fees)
	Over £100,000	Board of Directors	Formal tendering process, including advertising in OJEU (if over the OJEU threshold)
	Authority to accept other than lowest quotation or tender or approval not to go out to formal tender	Finance and HR committee	
Signatories for cheques, BACS payment authorisations and other bank transfers	Any payment to a single beneficiary up to £10,000	Any one signatory from: - Executive Principal - Nominated Head Teacher - Chair or Vice Chair of the Board of Directors	
Signatories for cheques, BACS payment authorisations and other bank transfers	Any payment to a single beneficiary over £10,000	Two signatories from above, including a Director	(excl SAGE generated monthly payroll transactions for Inland Revenue, Teachers Pension Scheme and Local Government Pension Scheme)
Signatories for EFA grant claims and EFA returns	Any	Two signatories (or as required by EFA) from: - Executive Principal	

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		- Finance Director - Head Teachers - Nominated Director	
Virement of budget provision between budget headings	Up to 2% of the Academy Budget	Finance Director and Executive Principal	Substantial virements between budget headings to be included in the Variance Analysis report for the Finance and HR committee
Disposal of assets	Up to £5,000	Finance Director and Executive Principal	
	£5,001 to £20,000	As above with authorisation of the Finance and HR Committee	
	Over £20,000	As above, plus EFA approval required for disposal of assets funded with more than £20,000 of EFA grant, or transferred from an LA at nominal consideration	
Write-off of bad debts	Up to £5,000	Finance and HR committee	
	Up to 5% of income in any one year	Board of Directors	Max of £45,000 per single transaction
	Above 5% of income in any one year (or 2.5% for first year)	As above plus EFA approval	
Purchase or sale of any freehold property	Any	EFA approval required	
Severance or Compensation payments	Up to £50,000 more than contractual entitlement	Finance and HR Committee	
	Greater than £50,000 above contractual limit	EFA approval required	
Granting or take up of any leasehold or tenancy agreement exceeding three years	Any	Board of Directors	

APPENDIX 1

Levels of Delegation

COMPANY DELEGATION CHECK LIST

Key

Level 1: Board of Directors

Level 2: Executive Principal/Chief executive officer /Accounting Officer

Level 3: Finance Director

Level 4: Finance and HR committee

Level 5: Head Teacher

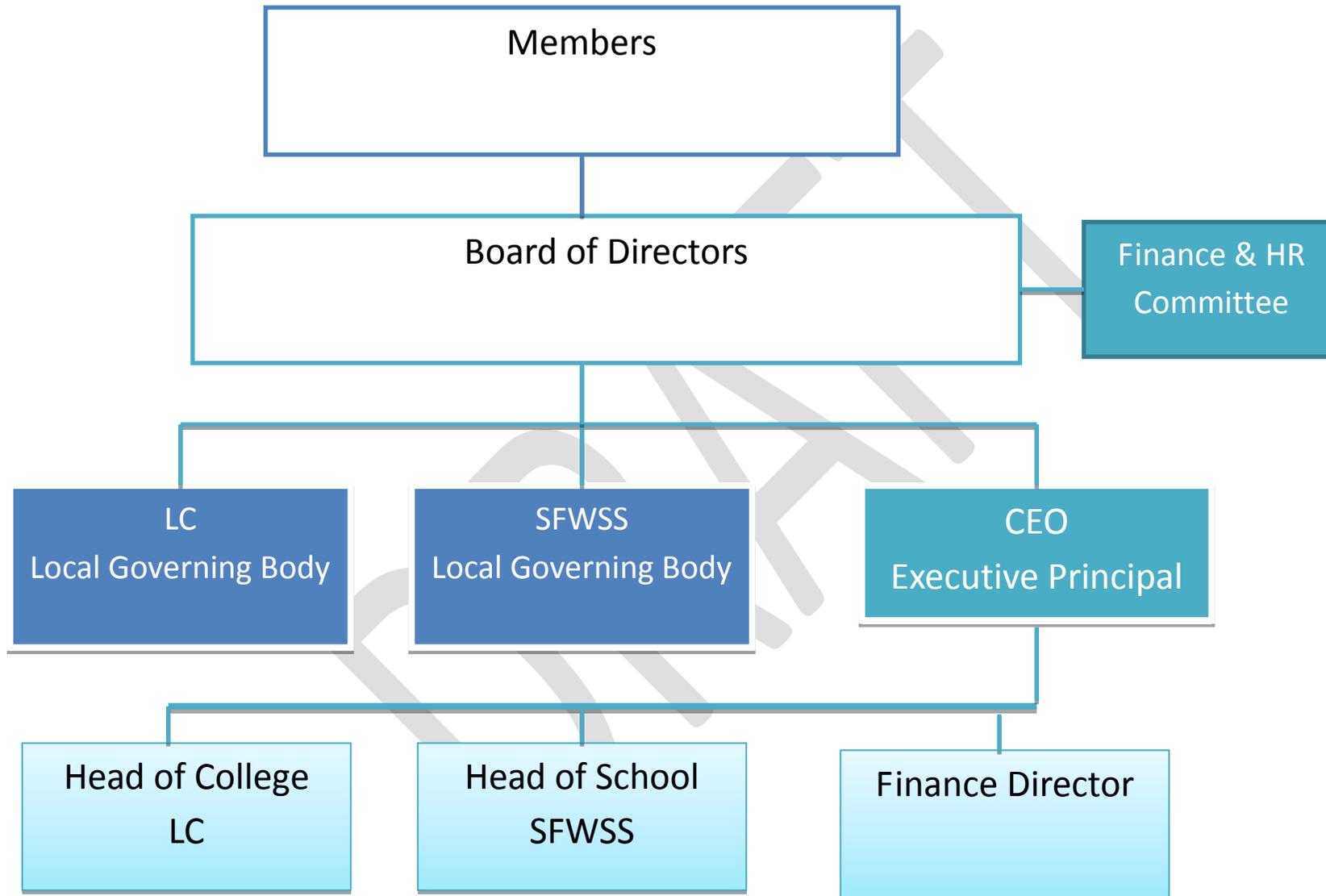
Level 6: Local Governing Body

✓ Action to be undertaken, Accountability level

✓ Action to be undertaken, Responsibility level

A Provide advice and support to those accountable for decision making

<> Direction of advice and support



Area	No	Decision/Action	Board of Directors	CEO Accounting Officer	Finance Director	Finance and HR Committee	Head teacher	LGB
Governance and Financial Oversight	1	Appoint Executive Principal/CEO/Accounting officer	✓					
	2	Ensure the Board meets at least 3 times per year and conducts business only when quorate	✓					
	3	Appoint Finance Director	✓	✓		<A		
	4	Ensure that all Finance staff are appropriately qualified	✓	✓	<A			
	5	Approve the Scheme of Delegation	✓	<A	<A	<A		
	6	Review the scheme of delegation annually		A>	A>	✓		
	7	Ensure appropriate oversight of all financial transactions	✓	<A	✓	<A		
	8	Ensure value for money, regularity and propriety in relation to the management of its funds.	✓	<A	✓	<A		

	9	Publish up-to-date details of their governance arrangements	✓					
	10	Ensure there are measures in place to manage conflicts of interest	✓	<A>	<A>	✓		
	11	Maintain an up to date register of interests	✓			✓		
	12	Notify EFA of any instances of fraud or theft where the value exceeds £5,000	✓	✓	<A	✓		
	13	Notify EFA of the vacating or filling of the positions of chair of trustees, accounting officer and chief financial officer, and appointment of all trustees and members	✓		✓			

Area	No	Decision/Action	Board of Directors	CEO Accounting Officer	Finance Director	Finance and HR Committee	Head teacher	LGB
Financial Planning, Monitoring and Reporting	14	Approve a balanced budget	✓	<A	<A	<A		
	15	Approve the recharge policy between Academies	✓	<A>	✓	<A	✓	<A
	16	Submit a budget forecast to EFA		A>	✓	<A		
	17	ensuring good financial management and effective internal controls		✓	<A	<A		
	18	Ensure compliance with the Financial Handbook and funding agreement		✓	✓	<A		
	19	Receiving and consider information on the financial performance of the trust at least three times a year, taking action to ensure ongoing viability	✓	✓	✓	<A		
	20	Notify EFA if there is a formal proposal to set a deficit revenue budget for the current financial year	A>	A>	✓	<A		

	21	Obtain EFA's prior approval for writing off debts and losses above 5% of income	A>	A>	✓	<A		
	22	Agree staff severance/compensation payments	✓	A>	A>	✓	<A	
	23	Obtain EFA approval for any staff severance/compensation payments > £50,000	✓	A>	✓	<A	<A	
	24	Ensure a lease arrangement, or disposal of assets, achieves the best price	A>	✓	A>	✓		
	25	Obtain EFA approval before entering into any leasing arrangements	A>	A>	✓	<A		

Area	No	Decision/Action	Board of Directors	CEO Accounting Officer	Finance Director	Finance and HR Committee	Head teacher	LGB
Internal Control and internal Scrutiny	26	Ensure that there are robust internal control framework	✓	✓	✓	<A		
	27	Co-ordinate planning and budget processes		✓	✓	<A		
	28	Ensure disciplined financial management		✓	✓	<A		
	29	Preparation of monthly budget monitoring reports		A>	✓	<A		
	30	Planning and oversight of any capital projects		✓	✓	<A>	✓	
	31	Propriety and regularity of financial transactions		✓	✓			
	32	Management and oversight of assets	✓	A>	A>	✓	<A	
	33	Ensuring efficiency and value for money	A>	✓	✓	<A	✓	<A

	34	Ensuring there is a process for independent checking of financial controls, systems, transactions and risks		✓	✓	✓	<A	
	35	Manage and present future risks , including contingency and business continuity planning,	A>	✓	✓	<A>	✓	<A
	36	Ensure there is adequate insurance cover		✓	✓	✓		
	37	Establish an audit committee		✓	✓	✓		
	38	Reviewing the risks to internal financial control at the academy trust and agreeing a programme of work to address those risks and advise the Board of Directors	A>	✓	✓	✓		
	39	Ensure independent annual check of assets and asset register		A>	✓	✓		

Area	No	Decision/Action	Board of Directors	CEO Accounting Officer	Finance Director	Finance and HR Committee	Head teacher	LGB
Audit Requirements	40	Produce audited accounts		✓	✓	✓		
	41	Submit audited accounts to EFA by 31 December		✓	✓	<A		
	42	Publish audited accounts on the trust’s website by the end of January		✓	✓	<A		
	43	Approve the accounting policies		A>	A>	✓		
	44	Appoint a statutory (external) auditor			✓	✓		
	45	Notify EFA immediately of the removal or resignation of external auditors			✓	✓		

Area	No	Decision/Action	Board of Directors	CEO Accounting Officer	HR and /or Finance Director	Finance and HR Committee	Head teacher	LGB
Personnel	46	Review and approve staffing structure		✓	<A>	✓	✓	<A
	47	Oversee any staff reductions and restructure making recommendations to the Board of Directors		✓	<A>		✓	<A
	48	Determine whether sufficient funds are available for pay progressions		✓	<A>	✓	<A	
	49	Approving new staff appointments within the authorised establishment		✓			✓	
Premises	50	Develop buildings and site development plan		✓			✓	
	51	Procuring and maintaining buildings including developing properly funded maintenance plan		✓			✓	

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Health and Safety	52	To institute a health and safety policy		✓			✓	
	53	Ensure health and safety regulations are followed		✓			✓	