

# Scheme of Delegation

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Finance



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## Management log

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# Terms of Reference

## The Trust Board

The Nova Education Trust Board of Directors (Trustees) are accountable in law for all major decisions about their academies. Whilst the Board has wide discretion over its use of the Trust 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.

The Board is specifically responsible for ensuring that the Trust's funds are used in accordance with:

- the law
- the Trust Board's powers under the Funding Agreement (including the Articles of Association) which set out the powers of the Trust and its governance arrangements
- the Academies Financial Handbook.

The Directors 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 Trust's success
- exercise independent judgement
- exercise care and skill  
and
- avoid conflicts of interest

## The Strategic, Finance & Operations Committee

The Strategic, Finance & Operations Committee is a committee of the Trust Board. The Strategic, Finance & Operations Committee meets at least 6 time a year but more frequent meetings can be arranged if necessary. The main responsibilities of the Strategic, Finance & Operations Committee include (but are not limited to) the following:

- To ensure the trust prepares and monitors financial plans to ensure ongoing financial health as set out in the Academies Financial Handbook
- To ensure that the trust can show that public funds have been used as intended by Parliament as set out in the Academies Financial Handbook
- To ensure that income generation activities are conducted as set out in the Academies Financial Handbook
- To ensure that the trust is managing risks as set out in the Academies Financial Handbook
- To ensure that the trust has appropriate procedures in place for Whistleblowing as set out in the Academies Financial Handbook
- To ensure that the trust works within its financial freedoms and limits as set out in the Academies Financial Handbook
- To make decisions in respect of service level agreements
- To oversee the financial reporting and disclosure process, and monitor the choice of accounting policies and principles
- To report to the Board any financial irregularities, concerns and opportunities
- To ensure that the trust has a risk register in place and is maintained as set out in the Academies Financial Handbook

## **The Audit Committee**

The Audit Committee is a committee of the Trust Board. The Audit Committee meets at least once a term but more frequent meetings can be arranged if necessary. The main responsibilities of the Audit Committee include:

- To appoint the external auditors as set out in the Academies Financial Handbook
- To remove external auditors as set out in the Academies Financial Handbook
- To liaise with auditors on any significant matters arising and to act on matters reported
- To ensure that the trust has sound internal control, risk management and assurance processes as set out in the Academies Financial Handbook
- To ensure the preparation of financial information as required by the DfE as set out in the Academies Financial Handbook
- To ensure the trust completes its responsibilities in respect of regularity audit as set out in the Academies Financial Handbook
- To ensure the trust's statutory accounts are filed in accordance with Companies Act requirements
- To ensure that the trust responds reasonably and timely to any findings by auditors, taking opportunities to strengthen the trust's systems of financial management and control as set out in the Academies Financial Handbook
- To ensure that the trust undertakes financial management and governance self-assessment as set out in the Academies Financial Handbook
- To ensure that the trust adheres and works collaboratively with the ESFA in respect of funding audits as set out in the Academies Financial Handbook
- To ensure that the trust adheres and works collaboratively with the National Audit Office and Public Accounts Committee as set out in the Academies Financial Handbook

## **The Remuneration Committee**

The Remuneration Committee is a committee of the Trust Board. The Remuneration Committee meets at least twice a year but more frequent meetings can be arranged if necessary. The committee will ensure decisions about levels of executive pay follow a robust evidence-based process as set out in the Academies Financial Handbook. The committee will discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable.

## **Accounting Officer**

The Chief Executive Officer is the Accounting Officer and has overall responsibility for all of the academy's activities including those of a financial nature. The Accounting Officer is personally responsible to Parliament and to the Accounting Officer of the 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 financial responsibility has been delegated to the Chief Financial Officer but the Chief Executive Officer, through the Executive Team, still retains responsibility for:

- making new senior staff appointments within an academy, drawing on the Local Governing Body as appropriate;
- 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 annual report;
- authorising contracts;
- advising the Strategic, Finance & Operations Committee on purchases and;
- signing cheques and authorising BACs payments in conjunction with the bank mandate.

## 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. Educational outcomes in return for the money spent are the key focus but as these may be lagged, other more immediate outcomes may be used to demonstrate value for money and cost effectiveness.

## 1. Budgeting and Reporting

Role	Value (£net)	Delegated Authority	Method	Review Period
Budget setting process	Draft budget plan	Approval required from the Education Board and the Trust Operations Group	Approve budget plan for submission to the Local Academy Committee	Annual
	Draft budget plan	Approval required from Local Academy Committee	Approve budget plan for submission to the Trust Board	Annual
	All	Approval required from Nova Education Trust Board	Approve or reject budget. If the Board require the Local Academy Committee to reconsider the budget then it must provide a full explanation of the reasons and the timescales by which an alternative budget should be provided. If the Board has lost confidence in the ability of the Local Academy Committee to set a budget it will provide a full written explanation for its judgement. Under these wholly exceptional circumstances, the Executive Head will take responsibility for recommending a budget plan to the Board.	Annual
Budget holders responsibilities	As per the individual budgets set	Head of School, Senior Leadership and other senior managers within the Trust.	Budget monitoring is the responsibility of the budget holder and the budget must not be overspent at any time during the year unless through prior agreement from the Chief Financial Officer	Monthly
Monthly management accounts	All	Chief Financial Officer	All transactions to be processed and reconciled by academy/central finance staff for the timely checking and production of the monthly management accounts	Monthly
Journals	All	Approval required from Trust Finance Lead		As necessary
Budget virements	Up to £20,000	Approval required from Chief Financial Officer	Must be disclosed to the Nova Education Trust Strategic, Finance & Operations Committee.	As necessary
	Above £20,000	Approval required from Strategic, Finance & Operations Committee		As necessary
ESFA reporting	All	Chief Financial Officer	An annual Financial Reporting Timetable will be released by the ESFA. Dates and requirements will be included on this timetable.	As necessary to ensure compliance

## 2. Income

Role	Value (£net)	Delegated Authority	Method	Review Period
Collection and receipt of cash and cheques	Any	Academy finance team	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 banked.	Daily
Sales invoices	Up to £5,000	Approval required from Head of School and Trust Finance Lead	All sales invoices must be processed through the accounting system, and issued in a timely manner.	As required
	£5,001 to £15,000	Approval required from Head of School, Executive Head and Chief Financial Officer		
	£15,001 to £100,000	Approval required from Executive Head, Chief Financial Officer and Chief Executive Officer		
	Above £100,000	Approval required from Strategic, Finance & Operations Committee		
Sales credit notes	Up to £5,000	Approval required from Head of School and Trust Finance Lead	All sales credit notes must be processed through the accounting system, and issued in a timely manner.	As required
	£5,001 to £15,000	Approval required from Head of School, Executive Head and Chief Financial Officer		
	£15,001 to £100,000	Approval required from Executive Head, Chief Financial Officer and Chief Executive Officer		
	Above £100,000	Approval required from Strategic, Finance & Operations Committee		
Banking of cash and cheques	Any	Academy finance team	Cash and cheques should be banked on a regular basis to ensure that amounts held on site are always within insurance limits. 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	All	Trust Finance Lead	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. Review will be carried out by Trust Finance Lead.	Monthly

### 3. Purchases and Other Payments

Role	Value (£net)	Delegated Authority	Method	Review Period
Purchase orders	Up to £500	Approval required from Primary Budget Holder and Senior Budget Holder	Purchase orders should be raised for all purchases except items included in Appendix A only. Orders should be placed with approved suppliers and should be written and raised on approved stationery only. All purchases must be fully authorised in advance of being processed and entered onto the accounting system, and before any order is placed with a supplier. A minimum of three quotations must be received for any order in excess of £3,000, whilst a formal tendering process must be followed for any order in excess of £25,000. Orders must not be broken down into multiple orders in order to circumvent the quotation and tendering thresholds. A Senior budget holder must be member of the School Leadership team (SLT) in all instances, except for the following budgets: ICT Software/Hardware – Trust Director of IT Contracts – Site – Trust Head of Estates Planned/Reactive Maintenance – Trust Head of Estates	As required
	£501 to £1,000	Approval required from Senior Budget Holder and Head of School		
	£1,001 to £15,000	Approval required from Head of School, Executive Head and Trust Finance Lead		
	£15,001 to £25,000	Approval required from Head of School, Executive Head, Chief Operations Officer and Chief Financial Officer		
	£25,001 to £100,000	Approval required from Head of School, Executive Head, Chief Operations Officer, Chief Financial Officer and Vice Chief Executive Officer		
	Above £100,000	Approval required from the Head of School, Executive Head, Chief Operations Officer, Chief Financial Officer, Chief Executive Officer and notification to the Strategic, Finance & Operations Committee		
Purchasing waiver	All	Approval required from Head of School, Executive Head, Chief Financial Officer and Vice Chief Executive Officer	To be completed for all orders over £3,000 whereby 3 quotations have-not/cannot be obtained or where the cheapest supplier has not been selected or whereby tendering processes have not/cannot be followed (for orders over £25,000).	As required

Role	Value (£net)	Delegated Authority	Method	Review Period
Purchase invoices	Up to £1,000	Approval required from Primary Budget Holder and Senior Budget Holder	Purchase invoices which are over 10% or £1,000 (whichever is lower) of an approved purchase order, or which do not relate to an item on the exempt list (see Appendix A) require authorisation in line with the purchase ordering limits (see page 3). A termly report on non-compliant purchases will be produced and distributed by the central finance team to both the Head of School, Executive Board and Nova Audit Committee.	As required
	Above £1,000	Approval required from Senior Budget Holder and Head of School		
Contracts	Up to £3,000	Approval required from Head of School	Head of School to sign the contract.	As required
	£3,001 to £25,000	Approval required from Executive Head, Chief Operations Officer and Chief Financial Officer	Executive Head to sign the contract, once 'Contract Authorisation Form' fully authorised.	
	Above £25,000	Approval required from Executive Head, Chief Operations Officer, Chief Financial Officer and Chief Executive Officer	Chief Executive Officer to sign the contract, once 'Contract Authorisation Form' fully authorised.	
Expense claims	Up to and including senior leadership team	Approval required from Senior Budget Holder (Head of School if the claimant is the Senior Budget Holder/Executive Head if the claimant if the Head of School)		As required
Petty cash	All	Approval required from Senior Budget Holder (Head of School if the claimant is the Senior Budget Holder/Executive Head if the claimant if the Head of School)	Petty cash should be kept in a secure container and stored in the school safe. Individual petty cash claims/receipts should be kept below £25. Receipts must be provided for all claims. Pre-approval from the appropriate budget holder must be obtained before any purchases take place. Petty Cash should be reconciled at least on a monthly basis by someone other than the person making the payments. Petty Cash reconciliations should then be signed dated and filed. Review will be carried out by Trust Finance Lead.	Monthly
Payment by cheque or BACs	All	Approval required from two authorised signatories, one of which must be either the Head of School or Executive Head. One of Trust Finance Leads to approve in the banking system.		As required
Credit Card	Appropriate level and number of cards to be determined by the Nova Audit Committee	As per 'Purchase Order' delegated authority (see page 7). Only Finance Officers, School Business Managers or Business Operations Managers (or equivalents) to be allocated credit cards.	Must be kept in the safe when not in use. All transactions must be supported by a receipt. Fully authorised nova order form required for all credit card purchases. Orders should be placed only by card holder. Charge card reconciliations to be completed and reviewed by Trust Finance Lead.	As required

<b>Role</b>	<b>Value (£net)</b>	<b>Delegated Authority</b>	<b>Method</b>	<b>Review Period</b>
Standing orders and direct debits	All	Approval required from two authorised signatories, one of which must be either the Head of School or Executive Head		As required
Liabilities and write-offs	1% of total annual income or £45,000 (whichever is lower) per single transaction.	Approval required from Executive Head, Chief Financial Officer and Chief Executive Officer	Anything above these limits must be approved by Secretary of State through the EFA	As required
Novel, contentious and repercussive transactions	All	ESFA – following prior approval from the Strategic Finance & Operation Committee	Novel, contentious and/or repercussive transactions must always be referred to the ESFA for approval. ESFA may need to refer such transactions to HM Treasury for approval and therefore sufficient time should be allowed for proposals to be considered. Novel transactions are those which the academy trust has no experience, or are outside its range of normal business. Contentious transactions are those that might cause criticism of the trust by Parliament, the public or the media. Repercussive transactions re those likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.	As required
Gifts (given or received)	Above £25	Approval required from Chief Financial Officer	Any gift either offered, received or given over the value of £10 must reported to the Chief Financial Officer for logging on the trust gift register	As required

## 4. Wages, Salaries and Other Related Payments

Role	Value (£net)	Delegated Authority	Method	Review Period
Appointment of staff	Up to and including senior leadership team	Approval required from Head of School, Executive Head and Trust Finance Lead	HR workflows	As required
	Head of School	Approval required from the Executive Head, Chair of the LGB, Chief Financial Officer and Chief Executive Officer		
Salary increases (TLRs, honorariums, increments etc.)	Up to senior leadership team	Approval required from Head of School, Executive Head and Trust Finance Lead	HR workflows	As required
	SLT	Approval required from Head of School, Executive Head, Trust Finance Lead and Chief Executive Officer		
	Principal	Approval required from Executive Head, Chair of the LGB, Chief Financial Officer and Chief Executive Officer		
Contracts of employment	All	Head of School	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 through internal and external audits, including Internal Financial Assessments.	As required
Overtime/TOIL	Up to senior leadership team	Approval required from Head of School		Monthly
Payroll processing	All	One of Director of Data & HR or Chief Operations Officer and one of Chief Financial Officer or Vice Chief Financial Officer	Payroll reports and payments made will be checked and agreed by the Payroll Manager	Monthly
Severance payments	Up to and including SLT	Approval required from Trust Operations Group	ESFA to approve non contractual payments in excess of £50,000	As Required
	Head of School and Executive Team	Approval required from Remuneration Committee		

<b>Role</b>	<b>Value (£net)</b>	<b>Delegated Authority</b>	<b>Method</b>	<b>Review Period</b>
Compensation payments	Up to £1,000	Approval required from Trust Operations Group	ESFA to approve non contractual payments in excess of £50,000	As Required
	Above £1,000	Approval required from Remuneration Committee		
Ex gratia payments	All	Approval required from Remuneration Committee		As Required

## 5. Assets

Role	Value (£net)	Delegated Authority	Method	Review Period
Fixed asset additions	All	As per 'Purchase Order' delegated authority (see page 7)	All assets to the value of £2,000 either individually or as a group will need to be recorded in the asset register.	Annually
Fixed asset disposals	Up to £1,000	Approval required from both the Head of School, Trust Finance Lead and Chief Operations Officer		Annually
	Above £1,000	Three signatures required from the Executive Head, Chief Operations Officer, Chief Financial Officer and Chief Executive Officer		
Purchase or sale of any freehold property	Any	ESFA – following prior approval from the Strategic, Finance & Operations Committee		As required
Taking up any leasehold or tenancy agreement for more than three years	Any	ESFA – following prior approval from the Strategic, Finance & Operations Committee		As required
Granting any leasehold or tenancy agreement	Any	ESFA – following prior approval from the Strategic, Finance & Operations Committee		As required

**NOTE: Vice Chief Financial Officer to approve in the absence of the Chief Financial Officer**

# Appendix A – Purchase Order Exemptions

The purchasing of the following goods and services are exempt from the purchase order process:

- Bank and Other Transaction Charges
- Big Kirk Hallam
- Cash Collection
- Catering Provisions (food and drink only)
- Central/Academy recharges
- Emergency Call Outs and Initial Works Only
- Exam fees
- Free School Meals
- Fuel Mini Bus (fuel card only)
- Local Authority Appeals Charges
- Local Authority Exclusion Charges and Funding Clawbacks
- Photocopying - (click charges only)
- Rates
- Short Term Supply (less than 1 half term only)
- Staff Recruitment
- Taxis
- Trips
- Utilities (Gas, Electric, Water, Oil, Gas, Wood Chip, Coal)
- DBS Checks
- Payroll Deductions