

PETERBOROUGH DIOCESE EDUCATION TRUST

Scheme of Financial Delegation

Responsible:	Business and Finance Committee
Approved by:	Board of Directors
Date:	September 2021
Review date:	August 2022

Associated documentation	
Academies Trust Handbook	2021
Academies Accounts Direction	2020-21

This document sets out the Scheme of Financial Delegation for Peterborough Diocese Education Trust

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Introduction

The purpose of this manual is to ensure that the Trust maintains and develops systems of financial control, which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education & Skills Funding Agency (ESFA).

The Trust must comply with the principles of financial control outlined in the Academy Trust Handbook. These regulations expand on that and provide detailed information on the Trust's accounting procedures and systems. Compliance with these financial regulations is compulsory for all staff, Directors, Members and Academy Governance Committee members. Any member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the Trust's disciplinary policy. It is the responsibility of managers to ensure that their staff are made aware of the existence and content of the Trust's financial regulations.

This manual serves as an adjunct to the scheme of financial delegation providing information on the day-to-day operations and practicalities forming from this financial regulation manual.

Powers and Duties Reserved for the Board of Directors

General

- Approve a written scheme of delegation of its financial powers and duties to its Business and Finance Committee, the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) 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 Trust
- The Scheme of Financial Delegation should be operated in conjunction with the Financial Regulations Manual

Budgets/Budgetary Control

- Ensure the Trust's assets and funds are used only in accordance with legislation, the Articles of Association, the Funding Agreement and the Academy Trust Handbook
- Formally approving the annual Trust budget
- Considering budgetary control reports from the Business and Finance Committee at every meeting, with relevant explanations and documentation where required

Purchasing

- Maintenance of a Register of Pecuniary and Business Interests for all Members, Directors, Additional Board Committee Members, Academy Governors and Trust staff with financial responsibilities
- Authorisation of the award of tenders above £100,000

Income

- Authorisation of the 'Register of Bad Debts' annually (the Secretary of State's prior approval is also required if debts to be written off are above the value set out in the Academy Trust Handbook)

Accounts and Audit

- Approval of the audited financial statements
- Informing the ESFA if it suspects any irregularity affecting resources

Powers and Duties Reserved for the Business and Finance Committee

General

- Exercising the powers and duties of the Board of Directors in respect of the financial administration of the Trust, except for those items specifically reserved for the Board of Directors and those delegated to the Chief Executive Officer, and other staff
- Reporting on decisions taken under delegated powers to the next meeting of the Board of Directors

Budgets/Budgetary Control

- Reviewing the annual Trust budget and recommending its acceptance, or otherwise to the Board of Directors
- Considering budgetary control reports on the Trust's financial position at every meeting, taking appropriate action to contain expenditure within the budget and report to the Board of Directors
- Reviewing the virement of sums between budgets up to £100,000 as approved and authorised by the CEO and CFO, which are to be formally notified to the Business and Finance Committee that shall record the notification in its meeting minutes

- Approving virements between budget headings over £100,000
- Reporting to the Board of Directors all significant financial matters and any actual or potential overspending

Purchasing

- Authorising the award of orders and contracts over £50,000, but less than £100,000

Income

- Authorisation to write off debts not collectable between £25,000 and up to £45,000 (the secretary of state's prior approval is also required if debts to be written off are above the value set out in the current Academy Trust Handbook)

Security of Assets

- Authorising the disposal of individual items of equipment and materials that have become surplus to requirements, unusable or obsolete with a residual value above £25,000 but below £45,000 and reporting such authorisations to the Board of Directors

Accounts and Audit

- Reviewing the draft financial statements and external audit reports and highlighting any significant issues to the Board of Directors
- Receiving the reports of the auditor on the use of resources, systems of internal financial control, and discharge of financial responsibilities and highlighting any significant issues to the Board of Directors
- Receiving annual reports from independent auditors on PDET's internal controls

Powers and Duties Reserved for the Chief Executive Officer

General

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

Budgets/Budgetary Control

- Reviewing income and expenditure reports and highlighting actual or potential overspending to the Business and Finance Committee
- Approving virements between budget headings of up to £100,000 and reporting such approval to the Business and Finance Committee

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

Purchasing

- Authorising all orders and contracts up to £50,000
- Ensuring that all contracts and agreements conform to the Financial Regulations
- Authorisation of any purchase where the lowest value quotation is accepted

Payroll and Personnel

- Approval/veto of proposals and authorisation of changes to the Trust's establishment
- Ensuring there is an equitable remuneration policy that recognises responsibility, skills, experience and diversity and delivers value for money to the Trust
- Ensuring payroll processes are delivering timely and accurate payments to staff

Income

- Authorisation to write off debts not collectable between £10,000 and up to £25,000

Security of Assets

- Ensuring that there are annual independent checks of assets and the asset register
- 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 PDET, ensuring that adequate operational controls are in place and that the principles of internal control are maintained
- Ensuring ongoing in-year QA processes are in place via independent scrutiny and internal checks

Powers and Duties Reserved for the CFO

General

- The CFO shall be responsible for the strategic financial planning in conjunction with the CEO, Central Executive team and Headteachers where appropriate

Budgets/Budgetary Control

- Supporting Headteachers with the budgeting process and presenting the annual draft budget plan for consideration by the Business and Finance Committee and Board of Directors
- Monthly monitoring of expenditure and income against the approved budget and submitting reports on the Trust's financial position to every meeting of the Business and Finance Committee and at least 6 times a year to the Board of Directors. Any actual or potential overspending representing a financial risk to the Trust shall be reported to the Business and Finance Committee
- Approving virements between budget headings up to a value of £100,000 and reporting such approval to the Business and Finance Committee

Purchasing

- Ensuring that the individual academies are maintaining a register of formal contracts entered into, amounts paid and certificates of completion and are retaining the quotes obtained for goods, works and services. Whilst overall responsibility for this sits with the CFO, maintenance of such records can be delegated to academy staff
- Ensuring that all correct invoices are duly certified by authorised staff before payments
- Ensuring the appropriate division of duties between staff responsible for processing orders, receiving deliveries and processing payments
- Authorising expenditures up to £25,000

Payroll and Personnel

- Authorising the monthly payroll for central staff and for an academy in the absence of the Principal
- With the CEO, jointly authorising any changes to the staff structures in the individual academies
- With the CEO, jointly authorising any posts advertised in any academy
- Authorising any changes in salary to existing staff after consultation with the CEO

Banking Arrangements

- Maintaining proper records of accounts and reviewing monthly bank reconciliations
- Ensure cash is managed appropriately and in-line with the principles stated in the Investment policy
- Manage the relationship with the Trust's bankers
- Authorising bank payments > £10,000

Accounts and Audit

- The operation of financial processes within the Trust, ensuring that adequate operational controls are in place and that the principles of internal control are maintained
- Manage the relationship with the Trust's internal scrutiny provision and ensure all records and documents are available for testing
- 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

Insurances

- Ensuring that arrangements for insurance cover are in place and adequate
- Notifying the Business and Finance Committee on any eventuality that could affect the Trust's insurance

Funding

- Identify and support any funding opportunities and applications including grants

Powers and Duties Reserved for all other staff

General

- Members of staff with delegated responsibilities should be aware that these must be exercised in accordance with the Financial Regulations Manual, including the Academy Trust Handbook

Academy Headteachers

- Preparing their Academy's annual budget
- Authorising monthly payroll
- Checking and certifying monthly statements of expenditure against their delegated budgets
- Reporting any errors or irregularities to the CEO and CFO. Any actual or potential challenges in meeting budgetary targets must be raised to the CFO immediately
- Authorising order requisitions provided they are within the scope and remaining balance of their delegated budget
- Authorising invoices applicable to their academy
- Approving bank payments up to £10,000

Delegated Budget Holders

- Authorising order requisitions provided they are within the scope and remaining balance of their delegated budget
- Authorising invoices for payment

Head of Finance

- Provides support to the CFO responsibilities to ensure a consistent approach across the Trust
- Responsible for day to day transactions and reporting
- Responsible for maintaining the balance sheet reconciliation process
- Approving bank payments as Level 2 authoriser for transactions > £10,000
- Ensuring funds received are recorded appropriately and tracked against the terms of the grant
- Maintain the fixed asset register
- Responsible for all allocations between academies including recharges and cross-charges
- Authorisation to move revenue expenditures to capital
- Authorisation to capitalise expenditures > £2,000
- Maintain the intercompany reconciliation process

School Business Managers / Bursars

- Ensuring that all income is accurately accounted for and is promptly collected and banked intact
- Ensuring that all expenditure is accurately accounted for and invoices are correctly authorised for payment
- Placing orders
- Keeping all relevant audit paperwork associated with income, expenditure, petty cash, purchase orders, contracts
- Produce at least monthly statements of income and expenditure to budget holders
- Produce monthly management accounts and provide explanations on any variances to budget
- Ensure the completion of the monthly checklist for central finance by deadlines
- Provide complete information relating to transactions such as VAT numbers, and ensure the purchase and sales ledgers are accurate and representative of the academy
- Checking monthly payroll payments and reporting any errors to the payroll provider through the Trust's self-service payroll system
- Checking data held by payroll provider matches the academies local accounting system on a monthly basis
- Maintaining a permanent and continuous register of all items of furniture, equipment, vehicles and plant. Items over £2 000 are capitalised and added to the fixed Asset register and must be noted to the central finance team
- Assisting the Headteachers in setting the annual budget
- Manage expense claims at the academy level and reimbursement in-line with the expenses policy

Central Finance Staff

The central finance team is responsible for:

- Applying the accruals concept and accounting for all prepayments, accruals and deferrals
- Providing suitable financial training to new staff members
- Supporting the Head of Finance
- Providing authority of Level 1 banking up to £10,000

Summary of Delegated Limits

Delegated Duty	Value	Delegated Authority	Method
Ordering Goods and Services	up to £3,000	Budget Holder (Headteacher)	Selection from preferred supplier list unless agreed otherwise with CFO
	up to £5,000	Budget Holder (Headteacher)	Minimum of 3 quotes
	up to £25,000	CFO	Minimum of 3 quotes
	up to £50,000	CEO	Minimum of 3 quotes
	Authority to accept other than lowest quotation or tender < £50,000	CEO	
	> £50,000	CEO and 1 member of the Business and Finance Committee	Formal Tendering, Post Brexit 'Find a Tender' service where appropriate
	> £100,000	Board of Directors	Formal Tendering, Post Brexit 'Find a Tender' service where appropriate
Signatories for cheques, BACS payment authorisations and other bank transfers	Any	Two signatories from: - CEO - CFO - Headteachers	
Signatories for ESFA grant claims and ESFA returns	Any	Two signatories from: - CFO - CEO	
Virement of budget provision between budget heads	up to £100,000	Two signatories from: - CFO - CEO	
	> £100,000	Business and Finance Committee	
Capitalisation of Expenditure	only > £2,000	Head of Finance	Capital Transfer Form
Disposal of Assets	up to £25,000	Two signatories from: - CFO - CEO	
	> £25,000	Business and Finance Committee	
Write-off of bad debts	up to £10,000	CFO	All debts written off noted on the 'Record of Bad Debt Register'
	up to £25,000	CEO	
	> £25,000 but < £45,000	Business and Finance Committee	
	> £45,000	ESFA approval	
Banking Authority - Payments	up to £10,000	Level 1 Approver - Academy Headteacher (budget holder)	
	> £10,000	Level 2 Approver - Head of Finance / CFO	
Purchase of an asset through a finance lease	Any	ESFA approval	
Purchase or sale of any freehold property	Any	ESFA approval	
Granting or take up of any leasehold or tenancy agreement exceeding 3 years	Any	ESFA approval	
Signatories for new contracts < 1 year	Any	Budget Holder	
Signatories on new contracts > 1 year	Any	Two signatories from: - CFO - CEO	