



# Financial Scheme of Delegation

## PURPOSE

This Policy outlines the approval levels for all levels of spend within the Ark network.

Date of last review:	September 2017	Author:	Head of Financial Reporting
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Type of policy:	<input checked="" type="checkbox"/> Network-wide <input type="checkbox"/> Set for school <input type="checkbox"/> Tailored by school	Approval:	Board
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## POSITIONING WITHIN ARK OPERATIONAL MODEL

Component	Element
<input type="checkbox"/> Strategic Leadership & Planning <input type="checkbox"/> Monitoring, Reporting & Data <input type="checkbox"/> Governance & Accountabilities <input type="checkbox"/> Teaching & Learning <input type="checkbox"/> Curriculum & Assessment <input type="checkbox"/> Culture, Ethos & Wellbeing <input type="checkbox"/> Pathways & Enrichment <input type="checkbox"/> Parents & Community <input checked="" type="checkbox"/> Finance, IT & Estates <input type="checkbox"/> Our People	Budgeting and long-term planning

## 1. Powers and duties reserved for Ark Schools Board

The duties of the Board in relation to finance shall be:

- a) Approval of a written scheme of delegation of its financial powers and duties to its Risk & Audit Committee and the Managing Director (note that the Board also operates as the Finance Committee). The scheme must satisfy the Board's ultimate responsibility for ensuring that there are adequate operational controls in place for all the financial processes within Ark Schools. The Scheme of Delegation should be operated in conjunction with the Ark Schools Accountabilities Framework and Financial policies of the organisation.
- b) Approval of all new academy projects.
- c) Formally approving the annual organisation budget prior to the start of each financial year, as part of the operational planning process.
- d) Receiving the minutes and recommendations of the Risk and Audit Committee.
- e) Reviewing the draft financial statements prior to audit and approve the audited financial statements prior to submission to the Secretary of State by 31 December.
- f) Approving any annual uplift percentages in salaries for all network staff (through remuneration committee).
- g) Approving total level of bonus pool for central staff.
- h) Considering budgetary reports at regular intervals from the CFO, and Risk and Audit Committee with relevant explanations and documentation where required.
- i) Appointment of external auditors as recommended by the Risk and Audit Committee; and informing the Department for Education (DfE) in the event of the removal or resignation of auditors.

## **2. Powers and duties delegated to the Risk and Audit Committee**

The duties of the Risk & Audit Committee shall be:

- a) Receive and consider information on financial performance at least three times a year, and make appropriate recommendations to ensure ongoing viability
- b) Ensure proper control over spending at academy and central level.
- c) Ensure compliance with the funding agreement, the Academies Financial Handbook and all legal requirements relating to audit and reporting.
- d) Ensure good financial management and the maintenance of a transparent system of prudent and effective internal controls. (Note the annual report and accounts must include a statement on the efficiency and effectiveness of such controls).
- e) Review the risks to internal financial control at the trust level and agree a programme of work to address, and provide assurance on, those risks (Note that the annual report and accounts must include a statement on risk management)
- f) Receive Ark Schools management and draft statutory accounts and obtain comfort that they are produced promptly, and on a consistent basis.
- g) Review annual draft and final budget in advance of Ark Schools board approval
- h) Review cash and working capital projections and requirements.
- i) Consider the nature and scope of external audit; consider external audit reports and management letters.
- j) Consider and advise the board on any internal audit requirements and review any internal audit reports.
- k) Receive relevant reports from the executive as it considers appropriate with regards to financial and audit matters.
- l) Consider any matters referred by the board or by any provider of audit services.
- m) Form a view on the adequacy of risk management by:
  - reviewing reports on the effectiveness of controls in each academy and centrally;
  - reviewing project and financial risks associated with new schools joining network;
  - receiving trend reports and strategies for core areas of delivery including Estates, IT, People and Safeguarding
  - receiving information on other specific risks escalated to Committee for scrutiny particularly relating to People and Safeguarding
  - commenting annually on the effectiveness of risk management activity in the organisation based on external audit reports and any internal audit report relating to individual schools.
  - satisfying itself that there is sufficient awareness of risk where appropriate in the organisation.
- n) Review cash and working capital projections and requirements.
- o) Approve treasury and investment policies.
- p) Advise or make recommendations to the board where necessary.
- q) Recommend the appointment, scope and fees of external auditors and any internal audit service
- r) Receive reports on the operation of the register of interests.
- s) Receive reports on the implementation and enforcement of policies on fraud and financial irregularity, and make appropriate recommendations.
- t) Assess from time to time its own effectiveness and report its findings to the board.

- u) Approve bonuses for Principals (through remuneration committee).

### **3. Financial powers and duties delegated to the Managing Director**

#### **Delegation of Responsibilities to the Executive**

The Executive, in the person of the MD, has delegated powers and functions in respect of internal organisation, management and control of the organisation.

The duties of the MD in relation to finance shall be:

- a) Coordination and evaluation of all strategic decision making for approval by the Board.
- b) Ensuring that all relevant financial considerations are considered in policy proposals.
- c) The propriety and regularity of Ark Schools finances.
- d) Prudent and economical administration
- e) Review of all projects, and signing off all expenditure with a value of over £250,000.
- f) Approving any annual uplift percentages in salaries for all network staff.
- g) Approval of any changes in central staffing, plus proposal of any salary changes and bonuses.
- h) Payroll approval:
  - For the centre: Authority to certify monthly payroll rests with the MD or CFO or Head of Financial Reporting. Any alteration to pay must be approved by the MD.
  - For schools: Such changes fall under the Principal's and Finance & Resources Director /Manager, subject to the approved pay and HR policies. If a school is running on a deficit, approval will be required from the central office MD or CFO or Head of Financial Reporting.
- i) The MD and Risk and Audit Committee will be notified of any employment or any other claim. Approval of such claims is delegated as detailed below.
- j) Ensuring that funds are properly and well managed
- k) The Managing Director is also required to ensure that effective management systems appropriate for achieving the organisations' objectives, including financial monitoring and control systems have been put in place. In practice this is largely delegated to the CFO and Principals in schools.

#### **4. The duties of the CFO (for Ark central) and Principals (for schools) shall be:**

- a) Planning and control: overseeing the schools'/ organisation's resource planning and allocation process, including the corporate and business planning process, cash budgeting and management systems.
- b) Regularity and propriety: that expenditure and receipts are dealt with in accordance with the Funding Agreement and other relevant authorities.
- c) Day to day management of financial matters including the establishment and operation of suitable accounting and forecasting systems and an asset register.
- d) Maintenance of effective systems of internal control.
- e) Value for money: ensuring that line managers pay proper regard to the need to obtain value for money; and that systematic arrangements exist for the costing and appraisal of all proposals with resource implications.
- f) Procurement and contracting out: that procurement strategies, procedures and responsibilities are clearly set out and understood by all staff; that the obligations of European Union Directives for procurement are complied with; and that best possible value for money is obtained from procurement and contracting out activities.

- g) Approval of all projects, and signing off all expenditure with as follows in accordance with Procurement and Tendering Policy.
- h) Approval of any employment or any other claims as follows:
  - a) For Schools based staff for amounts up to £20,000 as agreed by Principal.
  - b) For Schools based staff for amounts over £20,000 as agreed by CFO and People Director.
  - c) For central based staff as agreed by CFO and People Director.
  - d) Where the trust is considering a non-statutory/non-contractual payment of £50,000 or more EFA's prior approval must be obtained before the trust makes any binding settlement offer to staff
- i) Preparation of monthly management accounts and financial reports for Ark central or the Board.
- j) Ensuring that all financial and administrative returns are made to the DfE and other funders (through CFO)
- k) Banking and cash management.
- l) Ensuring that full, accurate and up to date records are maintained to provide financial and statistical information.
- m) Ensuring that all records and documents are available for audit by the appointed external auditors.
- n) Reviewing income and expenditure reports and highlighting actual or potential overspending to Ark central (schools) or the Board.
- o) Ensuring the arrangements for receipt of income, ordering of goods and services, payments and security of assets are in accordance with the Financial Regulations.
- p) Maintenance of a Register of Business Interests for all governors and those school staff involved in the short listing or awarding of contracts.
- q) Authorisation of the advertising of tenders above the OJEU limit, and authorising the award of such tenders.
- r) Authorisation to write-off debts not collectable (the Secretary of State's prior approval is also required if debts to be written off are above the value set out in the annual funding letters).
- s) Authorisation of the disposal of individual items of equipment and materials that have become surplus to requirements, unusable or obsolete.

The CFO has specific responsibility for:

- t) Ensuring that the necessary information for other statutory returns (annual accounts, filings etc.) is provided promptly
- u) Preparation and submission of audited accounts for all relevant organisations.

## **5. Responsibilities of the Local Governing Body**

- a) Monitor and challenge school finances against financial targets set by the Board (specifically focusing on use of resources vs education plans, and in-year school finances vs agreed budget).
- b) Monitor and challenge use of pupil premium funding.
- c) Monitor and challenge locally led schools procurement, including capital and non-capital projects

### **Finance Protocols across Ark Schools**

These protocols have tighter controls and procedures for schools in a difficult financial position. This is to support an ongoing in-year balanced budget status and target 1% in-year surplus and reserves of at least 3% of income for designated reserves for future capital projects. They need to remain in place in this way until the governors and Central Management team approve that they be relaxed and this only after the budget is balanced again in the years to come. Please refer to appendix A to C for detailed list of delegated authority.

### **Ordering processes**

- a) A requisition form must be submitted for every purchase wanted by anyone intending to use Ark Schools funds to make a purchase.
- b) This form should be signed off (if agreed and there are funds in the relevant budget) by the budget holder.
- c) It will then go to the Finance Officer for coding and then be passed to the school finance lead or relevant central team authoriser for formal authorisation (paper format). The expenditure will not be authorised if there are any concerns about the amount remaining in the budget and the matter will be referred to the Principal or Central Director. These are the only people who can formally authorise unbudgeted expenditure.
- d) Commitments can be placed onto the system for authorised forms only and then purchase made.
- e) Please note that without an authorised form, the purchaser will be accepting personal responsibility for the price of the purchase as no agreement has been made by the Ark Schools to fund the item bought.

### **Invoices**

- a) Invoices will go first to the budget holder who will sign to confirm that they have received the goods and are keeping them, or that services have been recovered and are satisfactory
- b) The invoices will then be stapled to the relevant requisition forms and be presented to the authoriser for signing prior to being paid to the supplier.
- c) Once signed, the payment can be made.
- d) There will be a few situations where requisition forms will not be available – these will be for utilities bills and for other situations where the Academy has a contractual agreement with a supplier – e.g. photocopying leases, boiler maintenance etc.
- e) For schools running on a deficit:
  - a. Should an invoice come in with no requisition form, the Principal will meet with the staff member making the purchase and remind them of the rules; this will be followed up with a memo. Subsequent occurrences of this nature would then mean that the bill becomes the liability of the purchaser.

- b. Where there is no requisition form for an invoice, these will require the joint signature of both the Principal and the school finance lead up to a sum of £10,000. Over £10,000, they need the involvement and sign-off by the Chair of the Finance sub-committee.
- f) The school finance lead will agree with the Principal in advance of holiday periods when he/she will be available for signing off the requisitions or invoices; in rare circumstances where this does not suffice, the Principal may email her agreement for the payment or placement of one-off orders.
- g) At the Central office, the purchaser will organise sign offs by the relevant authorisers in advance of holiday periods.

## **Recruitment**

A recruitment freeze will be in place at an Academy in a deficit budget situation. Any requests for any amendments to staff remuneration, new hires, temporary placements, adjustments to grades and dismissals must be signed off by the relevant Ark central Finance Authoriser in advance of any discussions with the member of staff. To ensure that authorisations can be quickly gained the following process must be followed.

- a) All requests for any staff remuneration change must be signed off by the Principal and the school finance lead who must confirm that the proposed change/addition is in line with the proposed budget.

All Central team recruitment requirements need to be submitted to HR or the relevant department for review and approval. A vacancy request form should be completed and job description attached.

## **Signatories for cheques and BACs runs**

1. For schools:
  - a. The Principal and school finance lead are signatories for cheques – with two signatures needed on all cheques issued
  - b. The school finance lead and the Principal will both sign off BACs lists – with both signatures needed
  - c. The school finance lead will check all payments being put forward for the BACS run and will submit the list to the Principal along with the relevant requisitions and invoices, all of which will have been signed through the proper processes described above. The FRD's signature is therefore confirming that everything on the BACs print-out is in order and accurate.
  - d. The Principal will then check down the BACs payment list and will query any payment which appears unusual, an unknown supplier etc – as a safeguarding to ensure that the checking process is thorough. When satisfied that all is in order, they will sign and date the BACs payment sheet and at this point, the payments can be submitted to Ark central for processing.
2. For the centre:
  - a. The same principles as above applies in line with Appendix B which has the list of authorisers for cheques and BACs that will be organised by the Finance Officer.

## **Purchase with credit or debit cards/Amazon and other accounts**

- a) Ark Schools credit card is held by the school finance lead at the schools and the Ark central Finance team.
- b) Please see Appendix B for the monthly limit which should generally be entirely adequate.
- c) On the rare occasion that a credit card purchase may be needed and the limit is exhausted, only the Principal or Regional Director or Central Director will use their personal cards for the

purchase – and this is only after the purchase has been authorised in the manner above. They will then be reimbursed through a prompt BACS transfer.

- d) Ark Schools will have their own Amazon accounts (and any other account deemed necessary to secure items at an advantageous price.
- e) It is therefore neither necessary nor within the finance rules of Ark Schools for staff to use their personal accounts to make Ark Schools purchases on behalf of Ark Schools.

### **Disposal of assets**

- a) Agreement for this will be sought through the Finance Link Governor/ Local Governing Body Committee/Chair/CFO between meetings termly.
- b) A list will be prepared for sign-off at this meeting and no asset disposed of until the disposal list has been signed and returned to the school finance lead or relevant Central Authoriser for filing.
- c) Items considered assets will be those which are capital items.
- d) It should be usual that assets will only be submitted for disposal when they have a nil value.
- e) Should any item be requested for disposal which retains any value, this must be clear on the form submitted to the governors so governors have all relevant information to inform their decision

### **Bad debts**

- a) Bad debts of under £50 may be written off by the Principal or relevant Central Authoriser.
- b) Bad debts of over £50 must be taken to the Finance Link Governor/ Local Governing Body Committee/Chair/CFO between meetings
- c) The Academy has a statutory duty to advise the DfE of bad debts over £5,000 and should therefore advise the Head of Finance at Ark Central should this occur.

### **Contracts**

- a) Ark Central has responsibility for all contracts. Delegated authority is given to Principals however the relevant Central authoriser should be notified.
- b) For schools running on a deficit, only the Principal is authorised to sign contractual agreements on behalf of the Academy. The Principal may not sign contractual agreements over the value of £30,000 without the agreement of the Finance Link Governor/ Local Governing Body Committee/Regional Director and the relevant Central authoriser.
- c) Contracts will usually only be for a 12-month period. Any contract over 12 months need to be agreed with the Procurement Manager.

## Appendix A: Delegated Authority Levels by Position

	<b><u>Schools</u></b>
B	Schools Principals
C	Vice Principals
C	Finance and Resources Director
A	Regional Directors
C	Schools Head of Departments
	<b><u>Executive Office</u></b>
MD	Managing Director
C	Admin Manager
	<b><u>Education</u></b>
A	Director of Education
A	Director of Primary Education
C	Head of Professional Development
C	Head of University Careers Success
C	Network Lead for Sixth Form
	<b><u>Operations</u></b>
A	Operations Director
B	People Director
C	Head of HR
C	Head of Communications
C	Head of Projects
C	Head of Safeguarding
C	Governance Manager
	<b><u>Finance and Resources</u></b>
A	Chief Finance Officer
	<b><u>IT</u></b>
B	Chief Information Officer
C	Head of Systems
C	Projects Manager
C	Knowledge Manager
C	Tech Assurance Manager
	<b><u>Estates</u></b>
B	Head of Estates
C	Facilities Manager
C	Procurement Manager
	<b><u>Finance</u></b>
C	Head of Financial Reporting
C	Head of Financial Planning and Analysis

## Appendix B: Delegated Authority Limits

Delegated Duty	Delegated Authority per Appendix A		Primary Schools	Secondary & All-Through Schools	Schools in Deficit	IT	Estates	Procurement	Other	
	Central Team	Schools	£000	£000	£000	£000	£000	£000	£000	
<b>Requisitions for orders / Invoice approvals/ Contract signing/ Employee expenses</b>	<b>Level For Items Within Budget (Per Item)</b>									
	Board	Board	>1,000	>1,000	>1,000	>1,000	>1,000	>1,000	>250	
	MD	MD	<1,000	<1,000	<1,000	<1,000	<1,000	<1,000	<250	
	Level A - Management Team Members	Regional Directors & Management Team Members	<250	<250	<250	<250	<250	<250	<100	
	Level B - Designated Head of Departments	Principals	<25	<50	<10	<50	<50	<50	<25	
	Level C - Designated Team Managers	FRDs and Designated Head of Departments	<10	<10	<5	<5	<5	<5	<5	
	<b>Level For Items Not In The Budget (Per Item)</b>									
	Board	Board	>250	>250	>250	>250	>250	>250	>100	
	MD	MD	<250	<250	<250	<250	<250	<250	<100	
	Level A - Management Team Members	Regional Directors & Management Team Members	<50	<50	<50	<50	<50	<50	<25	
	Level B - Designated Head of Departments	Principals	None	None	None	None	None	None	None	
	Level C - Designated Team Managers	FRDs and Designated Head of Departments	None	None	None	None	None	None	None	
	<b>Level For Departmental Budget Overspends (Cumulative)</b>									
	Board	Board	>250	>250	>250	>250	>250	>250	>100	
	MD	MD	<250	<250	<250	<250	<250	<250	<100	
	Level A - Management Team Members	Regional Directors & Management Team Members	None	None	None	None	None	None	None	
	Level B - Designated Head of Departments	Principals	None	None	None	None	None	None	None	
	Level C - Designated Team Managers	FRDs and Designated Head of Departments	None	None	None	None	None	None	None	
	<b>Recruitment (Per Individual)</b>									
	Board	Board	>250	>250	>250	>250	>250	>250	>100	
	MD/ ARK International	MD/ ARK International	<250	<250	<250	<250	<250	<250	<100	
	Level A - Management Team Members	Regional Directors & Management Team Members	<50	<50	<50	<50	<50	<50	<25	
	Level B - Designated Head of Departments	Principals	<25	<50	None	None	None	None	None	
Level C - Designated Team Managers	FRDs and Designated Head of Departments	<10	<10	None	None	None	None	None		

Delegated Duty	Delegated Authority per Appendix A		Primary Schools	Secondary & All-Through Schools	Schools in Deficit	IT	Estates	Procurement	Other
	Central Team	Schools	£000	£000	£000	£000	£000	£000	£000
<b>BACs Runs &amp; Bank Account Cheques</b>	Board/RAC	Board/RAC	>1,000	>1,000	>1,000	>1,000	>1,000	>1,000	>250
	MD	MD	<1,000	<1,000	<1,000	<1,000	<1,000	<1,000	<250
	Any one approved signatory Head of Finance plus one signatory from Central Finance Management Team	Any one approved signatory FRDs/Principals/Regional Directors plus one signatory from Central Finance Management Team	<250	<250	<250	<250	<250	<250	<100
	Any two approved signatories (Head of Financial Reporting, Head of FP&A and Management Team)	Any two approved signatories (Schools FRDs/Principals/Regional Directors)	<25	<25	<10	<25	<25	<25	<25
<b>Credit Cards</b>	Central Finance	Central Finance	None	None	None	None	None	None	<25
	Schools	Schools	<5	<10	<5	None	None	None	
<b>Disposal of assets</b>	Board/RAC	Board/RAC	>30	>30	>30	>30	>30	None	>30
	MD or CFO or Schools Principals	MD or CFO or Schools Principals	<30	<30	<30	<30	<30	None	<30
<b>Bad Debts Write-off</b>	Board/RAC	Board/RAC	>5	>5	>5	>5	>5	None	>5
	MD or CFO or Schools Principals	MD or CFO or Schools Principals	<5	<5	<5	<5	<5	None	<5

Contingency spends can only be authorised by Level A or higher

Departments are as per the budget, Directors cannot vire between departments but can between codes in one budget area

For Directors or Schools Principals to authorise expenditure it must:

- be within their delegated level of authority
- be within their agreed budget
- follow the procurement policy
- follow the business case process where applicable

Where Directors or Schools Principals choose to delegate spending to other members of their teams - as per the Appendix B, the Director retains ultimate accountability for the spend in that area

The CFO have authority up to MD level in MD absence. N.B. All contracts lie within Procurement and responsibility of the Centre

## Appendix C: Contracts

Delegated duty	Value	Delegated authority
Quotations and tendering  (whole life value of contract)	Up to £5,000	No formal requirements other than adhering to best value principles; two quotes required (but do not need to be written).
	£5,000 to £30,000	Minimum of two formal written quotes to be obtained
	From £30,000 to relevant Official Journal of the European Union (OJEU) limit*	Formal tendering process
	Over OJEU limit	OJEU advertising required in addition to formal tendering (or use of appropriate framework which is OJEU compliant as per procurement policy)
Authority to accept other than lowest quotation	Any	MD or CFO or Principal (for schools)

NB \*All public procurement contracts worth more than the EC limit, which is roughly £164,176 for goods and services or for more than £4.1m of works must be published in the daily supplement to the Official Journal of the European Union (OJEU).