



ASPIRATIONS

Scheme of Financial Delegation

Disclaimer: This document is a part of the Governance of the Aspirations Academies Trust (May 2021 version). Full document can be found on Aspirations Academies Trust website or by clicking [here](#).

3.0 Scheme of financial delegation

3.1 Introduction

The Aspirations Academies Board of Trustees is the statutory governing body for the entire Trust. The Trust Board is supported in its financial responsibilities by the Audit and Risk Committee and the Finance Committee. These are subcommittees of the Trust Board to provide additional professional support, advice and challenge. These subcommittees are also a requirement of the DfE.

Day to day responsibility for financial matters at central level is delegated to the Trust Managing Director (as the Chief Executive) and Director of Finance subject to the limits detailed in this document.

Strategic financial oversight for individual academies is delegated to Regional Boards, within the limits set out in Trust-wide policies. Day to day financial oversight in academies is delegated to Principals, subject to the limits detailed in this document.

Responsibility for financial processes, support and advice is delegated to the Director of Finance, supported by the central Finance team, and designated staff based in academies. There will also be budget holders in each academy, as determined by the Principal, who will have responsibility for ensuring value for money whilst procuring items for use in their areas of responsibility up to approved limits.

3.2.1 Financial powers and duties reserved for the Board of Trustees

The financial powers and duties of the Board of Trustees shall be:

1. Approval of a written scheme of delegation of its financial powers and duties. 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 the Aspirations Academies Trust. The Scheme of Delegation should be operated in conjunction with the financial procedures and policies of the Trust.
2. Evaluating and approving all new academy projects.
3. Formally approving the annual Trust budget and individual academy budgets prior to the start of each financial year, as part of the operational planning process.
4. Approving any annual uplift percentages for all Trust staff.
5. Approving any performance management award for Principals and central staff.
6. Receiving the reports of the Audit and Risk Committee and Finance Committee.
7. 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.
8. Considering budgetary reports at every meeting from the Director of Finance and the Finance Committee with relevant explanations and documentation where required.
9. Arranging for the appointment of external auditors (to be ratified by the Members); and informing the Department for Education (DfE) in the event of the removal or resignation of auditors.
10. The Trust Board receive the management accounts 6 times a year, with the Chair signing these off monthly.

11. The Board having responsibility to ensure that the overall Trust Performance Management process is fair, equitable and fit-for-purpose.

3.2.2 Financial powers and duties delegated to the Audit and Risk Committee and Finance Committee

The financial powers and duties of the Audit and Risk Committee and Finance Committee shall be:

1. Receiving Trust management and published accounts and obtain comfort that they are produced promptly, and on a consistent basis. [Finance Committee]
2. Considering the nature and scope of external audit; considering external audit reports and management letters. [Audit and Risk Committee]
3. Authorising out-of-budget expenditure with a total in-year value exceeding £50,000 (including academy restructures where the overall cost of the exercise would exceed this level). [Finance Committee]
4. Reviewing a list of out-of-budget expenditures with a total in-year value between £25,000 and £49,999. The Committee may also request to review the associated business cases. [Finance Committee]
5. Approve annual budgets for academies and Head office. [Finance Committee]
6. Consider the adequacy of risk management by receiving and reviewing reports on the effectiveness of controls in each academy from the Director of Estates and Director of Finance and obtaining appropriate comfort that there is sufficient awareness of risk where appropriate in the academy. [Audit and Risk Committee]

Furthermore, the Audit and Risk Committee will consider the adequacy of risk management by:

7. Receiving and reviewing reports on the effectiveness of controls in each academy;
8. Commenting annually on the effectiveness of risk management activity in the Trust on the basis of audit reports received, responsible officer reports relating to individual schools and any internal audit report;
9. Obtaining appropriate comfort that there is sufficient awareness of risk where appropriate in the Trust.
10. Reviewing cash and working capital projections and requirements.
11. Reviewing and approving treasury and investment policies.
12. Considering and advising the Board on any internal audit requirements and review any internal audit reports.
13. Considering any matters referred by the responsible officer or by any provider of audit services.
14. Receiving reports on the operation of the register of interests.
15. Receiving reports on the implementation and enforcement of policies on fraud and financial irregularity, making appropriate recommendations and taking appropriate action as necessary.

16. Receiving and reviewing due diligence reports regarding new academy projects from the Executive Operational Board with a view to making recommendations to the Trust Board.

3.3.1 Insurance

The Aspirations Academies Trust Board must ensure each Academy has adequate insurance cover to support its activities and to comply with statutory requirements. The Trust Board delegates responsibility for making the necessary insurance arrangements to the Managing Director. Unless otherwise agreed with the DfE this should include cover as follows:

- Buildings and contents of the Academy, in accordance with normal commercial practice or under the terms of any leases held by the Academy, against damage by subsidence, fire, lightning, explosion, storm, flood, riot, malicious damage, terrorism and similar risks, and theft. Suggested levels of excess: subsidence £2,500, storm/flood £500, malicious damage £250, theft £250;
- Business interruption, for example to provide alternative temporary accommodation (suggested minimum cover £1m);
- Employer's and public liability cover against the governors' responsibility for injury or illness of staff of third parties, or damage to third party property (suggested minimum cover £10m each);
- Cover required by statute for vehicles operated by the academy;
- Insurance in excess of this level should be subject to risk assessment to determine whether the policy concerned would represent value for money. Examples might include insurance against long-term staff sickness, and cover for extra costs arising from a major disaster or tragedy over and above normal business interruption provision such as counselling services for pupils.

3.3.2 Borrowing

The Aspirations Academies Trust Board must seek the Secretary of State's approval for both short term borrowing (including overdraft facilities) and medium/longer term loans from the private sector (including finance leases), where such borrowing is to be repaid from DfE grant or secured on assets funded from DfE grant. However, the Secretary of State's normal policy is that academies should not be granted permission for medium- and long-term borrowing;

3.3.3 Matters requiring the Secretary of State's prior approval

The Secretary of State's prior approval is required for:

- Any guarantees, indemnities and letters of comfort entered into;
- Write off of debts or liabilities owed to the academy over a specified value as set out in the annual funding letter issued by the Secretary of State;
- Any ex-gratia payments;
- Any freehold sales or purchases; and
- The grant or take up of any leasehold or tenancy agreement for more than 3 years.

3.4 Financial powers and duties delegated to the Managing Director

3.4.1 Internal organisation, management and control of the Trust

The Executive, in the person of the Managing Director, has delegated powers and functions in respect of internal organisation, management and control of the Trust. The Managing Director acts as Accounting Officer.

Relating to this, the powers and duties of the Managing Director shall be:

1. Coordination and evaluation of all strategic decision making for approval by the Board of Trustees.
2. Ensuring that all relevant financial considerations are considered in policy proposals.
3. The propriety and regularity of Trust finances.
4. Prudent and economical administration.
5. Consider external audit reports and management letter points relating to the academy.
6. Authorising out-of-budget expenditure with a total in-year value between £25,000 and £49,999.
7. Approval of any changes in staffing, plus proposal of any salary changes and bonuses. Authority to certify monthly payroll rests with the Managing Director or Director of Finance. Any alteration to pay must be approved by the Managing Director. For staff reporting directly to the Managing Director approval of any changes are to be agreed with the Chair of the Board of Trustees, or the Chair's delegated representative.
8. Approval of any employment or any other discretionary settlements.
9. Ensuring that funds are properly and well managed.

3.4.2 Financial management systems

The Managing Director is also required to ensure that effective financial management systems appropriate for achieving the Trust's objectives, including financial monitoring and control systems have been put in place. In practice, this is largely delegated to the **Director of Finance**, who acts as Principal Financial Officer.

The financial duties of the Director of Finance shall be:

1. Planning and control: overseeing the Trust's resource planning and allocation process, including the corporate and business planning process, cash budgeting and management systems.
2. Regularity and propriety: that expenditure and receipts are dealt with in accordance with the Funding Agreement and any other relevant authorities.
3. Day to day management of financial matters including the establishment and operation of suitable accounting and forecasting systems and an asset register.
4. Maintenance of effective systems of internal control.

5. Value for money: ensuring that budget holders 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.
6. 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.
7. Preparation, evaluation and submission of audited accounts for the Trust and its subsidiaries.
8. Preparation of monthly management accounts and financial reports for the Board of Trustees. In addition, to support the Regional Boards (see 3.5), preparation of monthly management accounts and financial reports for each academy for the academy Principal and Regional CEO, highlighting actual or potential overspending.
9. Ensuring that all financial and administrative returns are made to the DfE and other funders.
10. Ensuring that the necessary information for other statutory returns is provided promptly.
11. Endorsing business cases in respect of the purchases of goods and services proposed by designated budget holders of a value between £15,000 and £24,999.
12. Banking and cash management.
13. Ensuring that full, accurate and up to date records are maintained at Head Office and in academies in order to provide financial and statistical information.
14. Ensuring that all records and documents are available for audit by the appointed external auditors.
15. Reviewing income and expenditure reports for Head Office and academies and highlighting actual or potential overspending to the Board of Trustees.
16. Ensuring the arrangements for receipt of income, ordering of goods and services, payments and security of assets are in accordance with the Financial Regulations.
17. Ensuring that expense reimbursement is in line with Trust policies.
18. Maintenance of a Register of Business Interests for all Regional Board members. In addition, to support the Regional Boards (see 3.5), maintenance of a Register of Business Interests for those school staff involved in the short listing or awarding of contracts.
19. Authorisation of the advertising of tenders above the OJEU limit, and authorising the awarding of such tenders in accordance with the Trust's Scheme of Financial Delegation.
20. Authorisation of the write-off of 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).
21. Authorisation of the disposal of individual items of equipment and materials that have become surplus to requirements, unusable or obsolete.

3.5 Financial responsibilities and duties delegated to the Regional Boards

The financial responsibilities and duties of the Regional Boards shall be:

1. Receive management accounts and obtain comfort that they are produced promptly, and on a consistent basis.
2. Consider internal/external audit reports and management letter points relating to individual academies.
3. Consider the adequacy of risk management by receiving and reviewing reports on the effectiveness of controls in each academy from the Director of Finance and obtaining appropriate comfort that there is sufficient awareness of risk where appropriate in the academy.
4. Advise or make recommendations to the executive where necessary.
5. Receive reports on the operation of the register of interests.

The Regional Boards are also required to ensure that effective financial management systems appropriate for achieving the Trust's objectives, including financial monitoring and control systems have been put in place. In practice, this is largely the responsibility of the Trust's Director of Finance, falling within the responsibilities listed under 3.4.2.

3.6 Financial powers and duties delegated to the Principal

1. The Principal has delegated powers and functions in respect of internal organisation, management and control of their academy.
2. The financial powers and duties of the Principal shall be:
 - a. Coordination and evaluation of all strategic decision-making subject to oversight of Regional Board and the Executive Operational Board.
 - b. Taking responsibility for the monthly financial budget check for their academy and signing off this report for submission to the Director of Finance and presentation to the Regional Board.
 - c. Ensuring that all relevant financial considerations are considered in any proposals.
 - d. The propriety and regularity of the academy finances.
 - e. Prudent and economical administration.
 - f. Approval of all projects and signing off all budgeted expenditure with a value of up to £14,999. Approval of all projects and signing off all budgeted expenditure with a value between £15,000 and £24,999, subject to the endorsement of a business case by the Director of Finance.
 - g. Approval of any changes in staffing, plus proposal of any salary changes and bonuses, in line with Trust policy and within budget. Authority to certify monthly payroll rests with the Principal. Any alteration to pay must be approved by the Principal, provided any increased expenditure is within the approved academy budget. For staff reporting directly to the Principal then approval of any changes should be agreed with the Regional CEO and Regional Board.
 - h. Ensuring that funds are properly and well managed.

3.7 Financial authorisation levels

Delegated duty	Value	Delegated authority
Requisitions for orders / invoice approval / contract signing / employee expenses	Up to £14,999	Principal (or budget holder, so long as the expenditure is within budget, in line with the budget held, and the decision to spend has been delegated to the budget holder by the Principal)
	Between £15,000 and £24,999	As above but subject to additional endorsement of a business case by the Director of Finance
	Between £25,000 and £49,999 (unbudgeted)	Managing Director (MD) Finance Committee will review a list of this expenditure and may request to see the associated business cases.
	£50,000 or above (unbudgeted)	Reserved for approval by Trust Board following recommendation from the Finance Committee. Furthermore, costs of over a total of £50,000 per item which appear in the annual budget should have individual business plans approved by the Trust Board following recommendation by the Finance Committee as part of the budgeting process.

Delegated duty	Value	Delegated authority
Bank account cheque / BACS payment authorisation	All	Two bank signatories managed by Central Finance

Delegated duty	Value	Delegated authority
Appointing staff	(i) Where staff were in the agreed budget	Principal (see note below)
	(ii) Where staff were not in the agreed budget, or to appoint at a higher level than budgeted, subject to the salary being no higher than £80,000	Principal plus MD (see note below)
	(iii) As (ii) but where the salary is higher than £80,000	Prior approval must be obtained from the Finance Committee (see note below)
	<i>Note: A contract of employment or variation to contract of employment issued in relation to an appointment authorised as above may be signed on behalf of the Trust by the Director of HR/Deputy Director of HR or for appointments within an Academy, a business manager/administrator authorised to do so by the Principal. This is subject to the signatory having written confirmation from the person with relevant authority to proceed with the issuing of the contract/variation letter.</i>	

Delegated duty	Value	Delegated authority
Authorisation of pay progression decisions (not 'cost of living' awards and not appointments to a different post)	Pay progression of MD and Deputy MD and any single pay progression that is £5,000 or more in value	Finance Committee
	All other pay progression decisions	MD for central team posts on spot salaries Line manager in conjunction with Director of Finance for central team posts subject to specified pay scales Principal for posts that are part of their academy's staffing establishment

Delegated duty	Value	Delegated authority
Quotations and tendering	Up to £7,000	No formal requirements other than adhering to best value principles
	£7,000 to £30,000	Best value principles to be evidenced Minimum of three 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

Delegated duty	Value	Delegated authority
Authority to accept other than lowest quotation	Any	MD, Director of Finance

Delegated duty	Value	Delegated authority
Disposal of assets	Up to £20,000	MD or Director of Finance
	Over £20,000	Finance Committee (plus ESFA)

Delegated duty	Value	Delegated authority
Write-off of bad debts	Up to £2,500	MD or Director of Finance
	Over £2,500	Finance Committee (plus ESFA if above thresholds - 1% of income or £45,000 individually, or 2.5% of income cumulatively). The Board will be advised where the ESFA is required to be notified.

Delegated duty	Value	Delegated authority
Novel, contentious and repercussive transactions and ex-gratia payments	All	MD, Director of Finance, subject to Board and ESFA approval.

Delegated duty	Value	Delegated authority
Taking up a lease	All (except below)	Director of Finance
	Finance lease	Not allowed
	Lease on property for longer than 7 years	MD, Director of Finance, subject to Board and ESFA approval.

Delegated duty	Value	Delegated authority
Staff severance/ compensation payments	Up to £49,999	The Aspirations HR Director will prepare a business case for settlements of up to £49,999 for approval by the MD and Director of Finance.
	£50,000 and above	The Aspirations HR Director will prepare a business case which, subject to agreement of the MD and Director of Finance will be forwarded to the ESFA for approval, as required. The Board will be notified of any such settlement.

Delegated duty	Value	Delegated authority
Acquisition/disposal of freehold land and buildings	All	MD, Director of Finance, subject to Board and ESFA approval.