LORETO GRAMMAR SCHOOL
GOVERNANCE ARRANGEMENTS AND SCHEME OF DELEGATION

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CONTENTS

1. Powers and Duties of the Members, Loreto Education Trust and Governing Body
2. Powers and Duties delegated to the Finance and Premises Committee
3. Powers and Duties delegated to the Chairs Committee
4. Powers and Duties delegated to the Audit and Risk Committee
5. Powers and Duties delegated to the Staffing Committee
6. Powers and Duties delegated to the Headteacher
7. Powers and Duties delegated to the Chief Financial Officer
8. Summary of Financial Authorisation Levels

1. Powers and Duties of the Members, Loreto Education Trust and Governing Body

All members, directors/governors and senior employees must complete the register of interests for relevant business and financial interests in line with the latest Academy Trust Handbook including:

- Directorships, partnerships and employments with businesses
- Trusteeships and governorships at other educational institutions and charities
- For each interest: the name and nature of the business, the nature of the interest and the date the interest began.

The register must identify relevant interests from close family relationships between the academy trust's members and governors\directors and any relevant interests arising from close family relationships between those individuals and employees. The Trust must publish on their website relevant business and financial interests of members, governors\directors and accounting officers.

The **Members** have a similar role to shareholders of a company limited by shares. Member powers are set out in the trust's articles of association. Members are kept informed by Governors\Directors about trust business and are responsible for the following:

- Assure themselves that the governance of the trust is effective
- That Academy governors are acting in accordance with the trust's charitable objects "to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a Catholic school designated as such ("the Academy") which shall offer a broad curriculum and shall be conducted in accordance with the principles, practices and tenets of the Catholic Church and all Catholic canon law used by the Academy both generally and in particular in relation to arranging for religious education and daily acts of worship and having regard to any advice and following directives issued by the Institute of the Blessed Virgin Mary.
- Ensure that the religious character of the school is preserved and developed.
- Use their powers to step in if governance is failing
- A general duty to exercise their powers to further the academy trust's charitable purpose
- Appoint and remove the board and direct the governors to act in certain circumstances
- Appoint and remove Members
- Amend the Articles of Association
- Appoint and remove auditors and receive and review (but do not have to sign off) the academy trust's annual audited accounts

The **Governing Body** are responsible for:

- Ensuring clarity of vision, ethos and strategic direction.
- The safeguarding and promotion of the welfare of children, have regard to any statutory guidance on safeguarding issued by the Secretary of State and ensure the suitability of staff, supply staff, volunteers, contractors and proprietors in line with the Academy Trust Handbook.
- The DfE "Health and Safety: responsibilities and duties for schools" as well as "Health and Safety Executive (HSE) guidance for Education" including the management of asbestos in schools effectively, compliant with the Control of Asbestos Regulations 2012 in line with the Academy Trust Handbook.
- Overseeing and ensuring effective financial performance.
- Ensuring regularity, propriety and value for money in use of the trust's funds.
- Ensuring that budget forecasts are compiled accurately and are based on realistic assumptions.
- Selecting key financial performance indicators and measuring performance against them regularly.
- Managing the trust's property and assets strategically and effectively.
- Approving the annual budget of the trust.
- Agreeing the trust's whistleblowing procedure and ensuring this is published on the trust's website.
- Ensuring appropriate action is taken to maintain financial viability.
- Approving the writing off of debts that have been approved by the DfE.

- Investigating issues of fraud, theft or irregularity and where necessary reporting instances of fraud, theft and irregularity to the DfE.
- Applying the highest standards of governance and conduct, and complying with their contractual obligations under the funding agreement and company and charity law.
- Ensuring the effective functioning of the board and setting professional standards of governance.
- Reporting related party transactions to the DfE above the allowed level and seeking prior approval for relevant transactions.
- After taking advice from the Chairs and Audit/Risk Committee, ensuring that there is an appropriate, reasonable and timely response by the trust's management team to the findings of auditors.
- Meeting at least three times a year.
- Keeping the trust's approach to internal scrutiny under review, taking into account any changes to the trust's size, complexity or risk profile.
- Ensuring that the trust has sound internal control, risk management and assurance processes.
- Approving a schedule of delegation of financial powers.
- Appointing an Audit Committee as part of the Chairs and Audit/Risk Committee.
- Appointing the Headteacher as the Accounting Officer, and ensuring that the roles of senior executive leader and Accounting Officer do not rotate.
- Obtaining prior approval from the DfE if proposing, in exceptional circumstances, to appoint a CFO or Accounting Officer who will not be an employee of the trust.
- Taking ownership of the trust's financial sustainability and its ability to operate as a going concern.
- Preparing and monitoring financial plans, satisfying itself that the trust remains a going concern and financially sustainable.
- Taking a longer-term view of the trust's financial plans consistent with the requirement to submit three-year budget forecasts to the DfE.
- Explaining its policy for holding reserves in its annual report.
- Undertaking an annual skills and experience assessment, including a review of the board's composition in terms of skills, effectiveness, leadership and impact
- Appointing parent governors elected by parents
- Appointing up to 3 co-opted governors provided that a majority of governors are foundation governors
- Appointing a clerk to the board.

2. Powers and Duties delegated to the Finance and Premises Committee

Much of the day-to-day financial management and monitoring is delegated to the Finance and Premises Committee within the detailed terms of reference. The committee meets 6 times per year and the main responsibilities include:

- Reviewing the budget, central budget and three-year financial plan, as well as making recommendations to the board of governors/directors regarding these key documents.
- Monitoring expenditure and income against the budget and making any recommendations to the board of governors/directors.
    - Reviewing the mandates for the operation of the trust's bank account and credit cards.
    - Ensuring appropriate insurance arrangements are in place for the Trust.
    - Implementing appropriate accounting policies.
    - Alongside the Chairs and Audit/Risk Committee, ensuring an appropriate framework of internal financial controls is in place.
- Ensuring the annual accounts are produced in accordance with the requirements of the latest Companies Act and related DfE guidance.
- Writing off bad debts over £250.
- Authorising the disposal of assets over £4,000.
- Ensuring the procurement and tendering policy is complied with above £10,000.
- Supporting the board of governors/directors in maintaining the trust as a going concern.

- Having access to the external auditor, as well as those responsible for internal scrutiny, and considering their quality.
- Reviewing the external auditor's plan each year.
- Reviewing the auditor's findings and actions taken by the Senior Leadership Team (SLT) in response to these findings.
- Assessing the effectiveness and resources of the external auditor to provide a basis for decisions by the trust's members about the auditor's reappointment or dismissal and retendering.
- Producing an annual report of conclusions to advise the board and members, including recommendations about the external auditor.
- Ensuring that information submitted to the DfE that affects funding, including pupil number returns and funding claims (for both revenue and capital grants) completed by the trust, is accurate and in compliance with funding criteria.
- Determining executive pay through independent scrutiny and robust decision-making demonstrating justifiable pay, proportionality and documented decision-making together with a basic presumption that executive pay and benefits should not increase faster than that of Headteachers (*Academy Trust Handbook 2.28)*

3. Powers and Duties delegated to the Chairs Committee

- Meeting a minimum of three times a year.
- Consider the strategic direction of the school.

4. Powers and Duties delegated to the Audit and Risk Committee

- Meeting a minimum of three times a year.
- Reviewing the ratings and responses on the risk register to inform the programme of internal scrutiny work, ensuring checks are modified as appropriate each year
- Agreeing and directing the trust's programme of work annually to deliver internal scrutiny throughout the year:-
  - Agreeing who will perform the work.
  - Considering reports at each meeting from those carrying out the work.
  - Reviewing the auditor's findings and actions taken by the Senior Leadership Team (SLT) in response to these findings.
  - Considering progress towards recommendations.
- Considering outputs from other assurance activities by third parties including DfE financial management and governance reviews, funding audits and investigations.
- Having access to auditors and considering their quality.
- Ensuring the provision of any other internal scrutiny reports where requested by the DfE.
- Reporting to the board of Governors/Directors on the adequacy of the trust's internal control framework, including financial and non-financial controls and management of risks.

5. Powers and Duties delegated to the Staffing Committee

The Staffing Committee are responsible for:-

- Overviewing all aspects of staffing and related issues, including staffing analysis and pay and related policies.
- Ensuring the appointment procedures are correct, including the vetting of all staff.
- Feedback of all key related issues to the Full Governing Body
- Monitoring the wellbeing of staff.

The Governing Body delegates the responsibility for the recruitment of staff to the Headteacher. The Governing Body is solely responsible for the appointment of the Headteacher and the Deputy Headteacher.

NB Payroll expenditure - the Full Governing Body approve payroll expenditure based on appointments recommended by Staffing Committee and the payroll budget recommended by the Finance and Premises Committee.

6. Powers and Duties delegated to the Headteacher

The Headteacher is appointed as the Accounting Officer; the Headteacher has overall responsibility for the Academy, including financial activities. Much of the financial responsibility is delegated to the Chief Financial Officer (CFO) but the Headteacher still retains responsibility for:

- The safeguarding and promotion of the welfare of children, have regard to any statutory guidance on safeguarding issued by the Secretary of State and ensure the suitability of staff, supply staff, volunteers, contractors and proprietors in line with the Academy Trust Handbook.
- The DfE "Health and Safety: responsibilities and duties for schools" as well as "Health and Safety Executive (HSE) guidance for Education" including the management of asbestos in schools effectively, compliant with the Control of Asbestos Regulations 2012 in line with the Academy Trust Handbook.
- Preparing monthly management accounts with the **CFO**.
- Creating a fair and balanced budget with the CFO.
- Managing the trust's income.
- Writing off debts that have been approved by the DfE and the **board of Governors/Directors**.
- Assessing and approving purchases in line with the Scheme of Delegation of Financial Powers.
- Ensuring budgetary control within approved budgets.
- Authorising contracts and orders up to the amount stated in the **Scheme of Delegation of Financial Powers (see section 6b)** and reporting all decisions to the **board of Governors/Directors**.
- Authorising payments including cheques, BACS payments and acting as a named charge card holder.
- Approving new staff appointments, except for senior staff positions.
- Making recommendations to the **board of Governors/Directors** regarding staff pay and contractual conditions, other than for members of the SLT.
- Authorising the disposal of assets between £**500** and £**4000**.
- Acting as the trust's Accounting Officer:-

- Assuring Parliament and the public of the trust's high financial standards with regards to public funds, particularly regularity, propriety and value for money.
- Providing oversight of financial transactions by:
- Ensuring that the trust's property and assets are under the control of the **Governors/Directors** and measures exist to prevent losses or misuse.

- Ensuring bank accounts, accounting systems and financial records are operated by more than one person.
- Keeping full and accurate accounting records to support the annual accounts.

- Signing a statement on regularity, propriety and compliance annually and submitting it to the DfE.
- Assuring compliance with the articles of association, funding agreement and the 'Academy Trust Handbook' and advising the board in writing if it fails to act in accordance with the funding agreement or handbook.
- Advising the board in writing on matters of non-compliance with the Articles of Association and funding agreement.
- Sharing the 'Dear Accounting Officer' letter with members, **Governors/Directors**, the CFO and the SLT, and arranging for the board to discuss it and take action where necessary to strengthen financial controls.
- Adhering to 'The 7 principles of public life'.
- Notifying the DfE's Accounting Officer if the trust is in breach of its articles of association, funding agreement or the 'Academy Trust Handbook' and the board fails to follow DfE's advice.
- Reviewing this policy on an **annual** basis with the **chief financial officer (CFO)**.

7. Powers and Duties delegated to the Chief Financial Officer

The Chief Financial Officer works in close collaboration with the Headteacher and is responsible to the Governing Body and the Finance and Premises Committee. The Chief Financial Officer is also known as the Finance Director. The main responsibilities are:

- Preparing management accounts with the **Headteacher** each **month** setting out the trust's financial performance and position in relation to the budget.
- Sharing management accounts with the Chair and all of the **Governors/Directors** every month.

- Preparing the accounting annual report, ensuring it is in line with the Charity Commission's Statement of Recommended Practice (SORP).
- Maintaining CPD and undertaking relevant, ongoing training.
- Managing day-to-day financial issues, including the establishment and operation of the accounting system.
- Maintaining effective internal controls.
- Managing the trust's financial position at a strategic and operational level within the framework for financial control determined by the board of **Governors/Directors**.
- Drafting original and revised finance plans in cooperation with the Headteacher.
- Ensuring that purchase orders are raised prior to ordering goods/services in order to aid effective budget monitoring and management.
- Ensuring that payments are made to suppliers within 30 days after the date of the invoice.
- Monitoring the budget on a monthly basis.
- Ensuring the monthly completion of bank, petty cash and other reconciliations is adhered to.
- Monitoring cash flow during the month and liaising with the Headteacher regarding this, where necessary.
- Acting as an authorised signatory for the purposes of signing cheques, approving BACS payments, certifying employee claims, etc.
- Managing and processing online payments and payroll, subject to approval by the appropriate authority.
- Ensuring that proper checks and controls are in place to cover day-to-day activities in accordance with the financial regulations manual.
- Ensuring value-added tax (VAT) is correctly accounted for.
- Liaising with the external auditors in respect of any queries, and ensuring data is supplied for preparation of annual accounts within agreed timescales.
- Reviewing this policy on an **annual** basis with the **Headteacher**.

8. Summary of Financial Authorisation Levels

The finance team have specific responsibilities for the accurate maintenance of the academy finance systems, records and compliance with the Academies Financial Policies and Procedures and Academy Trust Handbook. The specific responsibilities are detailed in individuals' job descriptions. Budget holders have financial responsibility for managing within their delegated budgets and ensuring best value.

The scheme of financial delegation is approved as follows (limits apply to the 'whole-life cost' of a contract):-

Approval Authority	Procurement Requirements	Authorisation Limit
Budget Holder	Ensure value for money is demonstrated and expenditure is within approved budget.	Up to £3,000
Headteacher	Ensure value for money is demonstrated. Quotations are not mandatory but may be obtained where appropriate.	£3,001 to £10,000
Finance & Premises Committee	Obtain a minimum of three written quotations, or document the reasons why this is impractical or inappropriate.	£10,001 to £150,000
Full Governing Body	Approve major procurements, contracts and capital projects.	Over £150,000

High-Value Procurements

For procurements exceeding £40,000, the Trust will undertake a competitive purchasing process unless:

- an appropriate framework agreement is used;
- a compliant direct award is available under a recognised framework;
- there is a documented and approved justification demonstrating exceptional circumstances and value for money.

The Trust will maintain sufficient records to demonstrate value for money, transparency, fairness and effective stewardship of public funds.

Procurement Legislation
Where procurement legislation applies, the Trust will comply with the requirements of the Procurement Act 2023 and associated regulations. The Trust will review any applicable procurement thresholds annually, recognising that these may change from time to time. Procurements subject to statutory procurement requirements will be managed in accordance with the relevant legislation and government guidance current at the time of purchase.

Payroll Expenditure
Payroll expenditure is authorised through the staffing structure and budget approved annually by the Full Governing Body. New appointments are made in accordance with the Trust's staffing and recruitment procedures, with payroll budgets reviewed by the Finance and Premises Committee and approved by the Full Governing Body.

Variations
In respect of variations, the Head Teacher has the authority to agree variations up to 25% of the original cost, as long as the original cost is within the £10,000 limit. Any other variations must go to the Finance and Premises Committee for approval. Emergency meetings of the Finance Committee may be held to approve such variations.
The Governing Body has previously delegated authority to the Finance and Premises Committee to approve virements to the original budget. Any virements above £20,000 must be minuted and included in the next finance report to the full Governing Body. The Head Teacher has delegated authority to vire between budget heads up to the £20,000 limit but must again report back to the Finance and Premises Committee.

Freedoms and Delegations
The academy trust has autonomy over financial transactions arising in the normal course of business. However, some transactions have delegated authority limits beyond which trusts must obtain prior DFE approval:-

- Prior approval of staff severance payments in accordance with HM Treasury's Guidance on Public Sector Exit Payments applies **only to 'special' (non-statutory/non-contractual) payments**.
- Compensation payments
- All Ex gratia payments
- Write-offs and liabilities >1% of income or £45,000
- Acquisition and disposal of freehold land/buildings
- Taking up a finance lease
- Borrowing – loans or overdrafts
- Related party transactions starting on or after 1 September 2023, and exceed £40,000 for the supply of goods or services to the trust by a related party in the same financial year ending 31 August.
- Trusts must obtain DfE's prior approval for any transactions with related parties that are novel, contentious or repercussive, regardless of value. Approval must be sought using DfE's online form.
- All expenditure transactions with a related party must be reported to DfE using the online form. Submitting a retrospective transaction is a breach of the Academy trust handbook, and DfE may consider further action.