



Education & Skills
Funding Agency

Education and Skills Funding Agency
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT
Tel: 0370 000 2288

Mr Timothy Body
Accounting Officer
Westfield Academy
Tolpits Lane
Watford
WD18 6NS

[ESFA-enquiry-form](#)

21 September 2018

Company No: 08526440

Dear Mr Body

Financial notice to improve: Westfield Academy

I am writing to you in your capacity as the Accounting Officer for Westfield Academy (“the Trust”) further to an ESFA investigation and related report into financial and governance concerns at the trust.

As a result of this formal investigation a number of governance and financial management issues have been identified and highlighted in an ESFA report. The report cited a number of material weaknesses in the governance and financial management of the Trust. The evidence reviewed does not provide the ESFA with assurance of good financial management and governance, and breaches elements 1.5.11, 1.5.13, 2.1.4, 2.3.3, 3.1.13, 3.1.12, 3.1.14, 3.1.18, 3.1.19, 3.1.3 and 3.6.3 of the AFH. The evidence reviewed, also breaches elements of the Trust’s Articles of Association in Article 83.

Although I am pleased to note that the Trust has already taken some steps to improve the governance and financial management at the academy, due to the number of the material weaknesses and breaches identified, this letter and its annex serve as a written notice to improve financial management, control and governance at the Trust. It reflects the continued concerns in respect of governance and oversight of financial management by the Board.

The Trust is required, pursuant to the provisions of the Academy Financial Handbook (AFH) and the Funding Agreement (FA), to comply with the terms of this Financial Notice to improve (“the Notice”). These terms are set out in Annex A. In addition the Notice will be published in due course on [GOV.UK](#).

Upon receipt of this Notice, all of the delegated authorities as identified in the AFH (sections 3.6-3.10) will be revoked, and all transactions by the Trust previously covered by these delegations (regardless of size) must come to the ESFA for approval. These

delegated authorities shall be returned to the Trust providing that the terms set out in the Notice have been complied with and continue to be complied with, to the satisfaction of the Secretary of State.

We will monitor progress made towards meeting the requirements associated with this Notice. ESFA will lift the Notice when the requirements set out in the annex have been met. In the event that the Trust fails to meet the requirements of this Notice, to the satisfaction of the Secretary of State, the Trust will be considered to have failed to comply with the terms of the AFH. As a result of this breach of the AFH, and therefore also of the FA, the termination process in the FA may be triggered. Depending upon the severity of the breach, this may be considered a material breach of the terms of the FA and lead to termination.

I should be grateful if you would acknowledge receipt of this letter and provide a formal response recognising the requirements associated with this Notice by email within three working days of the date of this letter to [REDACTED].

I am copying this letter to Andy Farrer, the Chair of the Trust and Martin Post, the Regional Schools Commissioner (RSC) for North West London and South Central England.

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mike Pettifer', written in a cursive style.

Mike Pettifer

Director: Academies and Maintained Schools Group

CC. Andy Farrer, Interim Chair of Trust

Martin Post, Regional School's Commissioner

Financial notice to improve

1. The Education and Skills Funding Agency (ESFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of Westfield Academy ('the Trust'):
 - Failure to demonstrate adequate financial controls and governance.

Conditions

2. The Trust is required to:
 - i. Comply with the recommendation set out within the investigation report and commission an independent review of its financial management and also governance arrangements to identify any gaps and recommendations for improvement. The terms of reference of the review and the outcome must be shared with the ESFA. The scope of the review should include but not be limited to; Trust governance arrangements; Trust procedures and policies; Trust operations; Personnel records; Contracts and contract management. The review should consider the above areas in view of the regulatory framework governing academies and provide assurance on the level of compliance with those requirements. In particular, the trust's Articles of Association, the Funding Agreement, the Academies Financial Handbook and the Companies Act 2006. Where non-compliance or improvements are identified, the trust should provide ESFA with an action plan and timeline to address those issues. If the review identifies any gaps in skills and experience, at board level, ESFA will expect the Trust to approach Academy Ambassadors to help fill any gaps which may be identified.
 - ii. Carry out an Integrated Curriculum and Financial Planning analysis exercise to support with finding further efficiencies within the school.
 - iii. Submit the Trust's monthly financial management accounts from the date this letter is issued, to the ESFA, until further notice. These should be submitted no later than the 21st of the following month (for example, the management accounts covering October 2018 will be due by 21st November 2018).
 - iv. The Trust's current master funding agreement is dated 2013. Trusts must maintain sufficient records and make sufficient disclosures to evidence that transactions and decisions have been conducted in accordance with the high

standards of accountability and transparency required within the public sector. The new model documents support trusts to adhere to the regulations and compliance with the academies funding agreement. The Trust must therefore move over to the new model funding agreements.

- v. Submit latest documentation on the Trust's internal audit programme. If the programme of work was more than 6 months ago, the Trust should update their internal audit work. Provision of a firm date of when the next internal audit will be carried out and a commitment to send the findings within 1 week of its submission to the board.
- vi. Explore and adopt National Deals for contracts, unless evidence is provided to the ESFA that an alternative provides better value for money.
- vii. Increase regularity of Board meetings and particularly Audit & Finance Sub-Committees above the minimum of 3 times a year.
- viii. The Trust is instructed to make all reasonable efforts to recover the funds that have been spent inappropriately, or without approval, including details of steps taken to carry out an investigation into any potential breaches of directors' duties.
- ix. The Trust is required to submit the Budget Forecast Return (BFR) by the deadline required by the Education and Skills Funding Agency.
- x. The Trust is required to submit 2017/18 accounts by the deadline required by the Education and Skills Funding Agency.
- xi. Provide a full response to any recommendations identified by auditors within the management letter and internal audit assessment. This should include confirmation from the Chair that all points raised have been addressed and resolved.

Financial management requirements

3. The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified.
4. The Trust should take all appropriate actions to ensure an action plan is fully implemented.
5. The ESFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

Timescales

6. Commission an independent review of its financial management and also governance arrangements by no later than 21 November 2018. The Trust must review and action any recommendations from that review by no later than the end of 2017/18 academic year.
7. The Integrated Curriculum and Financial Planning analysis exercise should be completed by no later than Friday 26 October 2018.
8. Submit the Trust's monthly financial management accounts from the date this letter is issued, to the ESFA. These should be submitted no later than the 21st of the following month (so, for example, the management accounts covering October 2018 will be due by 21 November 2018).
9. The Trust's current master funding agreement is dated 2013. Trusts must maintain sufficient records and make sufficient disclosures to evidence that transactions and decisions have been conducted in accordance with the high standards of accountability and transparency required within the public sector. The new model documents support trusts to adhere to the regulations and compliance with the academies funding agreement. Westfield therefore must move over to the new model funding agreements by no later than 21 December 2018.
10. Submit latest documentation on the Trust's internal audit programme no later than 28 September 2018. If the programme of work was more than 6 months ago, the Trust should update their internal audit work. Provision of a firm date of when the next internal audit will be carried out and a commitment to send the findings within 1 week of its submission to the board.
11. Explore and adopt National Deals for contracts, unless evidence is provided to the ESFA that an alternative provides better value for money by 21 December 2018.
12. The board is instructed to make all reasonable efforts to recover the funds that have been spent inappropriately or without approval including details of steps taken to carry out an investigation into any potential breaches of directors' duties. This Trust should provide evidence to the ESFA of what steps have been taken to do so each month from the date of this letter, and aim to be completed by no later than the end of 2018/19 academic year.
13. The Trust is required to submit the Budget Forecast Return (BFR) by the deadline required by the Education and Skills Funding Agency.
14. The Trust is required to submit 2017/18 accounts by the deadline required by the Education and Skills Funding Agency. At the same time the Trust should submit a full response to any recommendations identified by auditors within the management

letter and internal audit assessment. This should include confirmation from the Chair that all points raised have been addressed and resolved at the same time as submission of the accounts.

Monitoring and progress

15. The Trust is required to meet the specific conditions outlined above to enable the ESFA to monitor compliance and progress.

16. Should it become evident that the Trust is unlikely to fulfil the conditions and / or requirements set out in this Notice and / or within the above timescales, the ESFA will begin to consider and explore the contractual intervention options available.

Compliance and the end of the notice period

17. Compliance with this Notice will be demonstrated when:

- The Trust provides the terms of reference and outcome report from the independent review of its financial management and also governance arrangements. The Trust must provide evidence of having reviewed and actioned any recommendations from the external review
- If the review identifies any gaps in skills and experience at board level, the Trust must provide evidence of approaching Academy Ambassadors to help fill any gaps which may be identified
- The Trust provides evidence of the Integrated Curriculum and Financial Planning analysis exercise and provides evidence of how this has been used to find further efficiencies within the school
- The Trust has moved over to the new model funding agreements
- The Trust provides the latest documentation its internal audit programme. If the programme of work was more than 6 months ago, the Trust should update their internal audit work
- The Trust provides evidence of having fully explored and adopted National Deals for contracts or evidence that an alternative has been adopted that provides better value for money
- The Trust provides evidence of increased regularity of Board meetings and particularly Audit & Finance Sub-Committees above the minimum of 3 times a year

- The Trust produces evidence of steps taken to recover the funds that have been spent inappropriately or without approval including details of steps taken to carry out an investigation into any potential breaches of directors' duties
- The Trust submits the 2017/18 accounts on time
- The Trust requests approval from the ESFA for any actions under the revoked freedoms in Part 3 and Annex B of the AFH. These requests should be sent us using the [ESFA-enquiry-form](#)
- The ESFA receives the Budget Forecast Return, by 31 July 2019.
- The ESFA receives audited financial statements with an unqualified audit opinion 31 December 2018
- The ESFA receives the auditors' management letter, which does not raise concerns by 31 December 2018

18. When the Trust meets the conditions outlined in this annex, the ESFA will write to the Trust to confirm that the Notice has been lifted