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Dear Accounting Officer,

I am writing to all Accounting Officers of academy trusts about the important matter of standards of governance and accountability. My purpose is to share with you some lessons and pointers from our recent work looking into a small number of cases of concern.

The role and responsibilities of an Accounting Officer are perhaps ones that some may still feel relatively unfamiliar with, especially if you have only recently converted to academy status or started as a free school. It is nevertheless fundamental because academy Accounting Officers form a vital part of a chain of accountability for taxpayers' money that reaches to Parliament through the Public Accounts Committee of the House of Commons. It is also a role that supports your responsibility to deliver excellent education to your pupils, for your parents and in your local community.

The lessons from some of our recent work can best be introduced through a few questions you may want to ask of yourself and the governing body of your trust. These questions reflect weaknesses that we have found when we have looked into cases of concern where there has been a risk of fraud or irregularity:

- Are you confident you are procuring all goods and services in an open and transparent way?
- Are you ensuring that your cash flow reflects the activity at the trust and that it is properly reconciled at least monthly?
- Do you have robust controls for payroll arrangements particularly important in a multi-academy trust – including checks that any amounts paid out are the right amounts and paid to bona fide employees?
- Do you have appropriate separation of responsibility in your finance

sections? And are you providing proper management support to your finance staff to operate in a role where they are well-placed to provide you with a "first line of defence" in terms up upholding propriety, regularity and value for money in the use of public funds?

- Are you making sure conflicts of interest are avoided and that you are keeping registers of interest up to date?
- Are you confident senior staff and trustees are not gaining any private or personal commercial or financial benefit as a result of their position, other of course than under their contract of employment?
- Are you sure that your academy trust is not being exploited for personal/private benefit and that any fees for consultancy work are where appropriate being properly accrued to the academy trust rather than to individuals?
- Do you have robust procedures for the recording, documenting, evidencing and monitoring of information and especially the reasons for entering into major spending commitments?
- Do you have properly constituted arrangements for internal audit to give you and trustees a further safeguard that everything is in order?

The accountability arrangements for academies are more robust than for maintained schools. As part of those arrangements, you must manage your trust's finances in a transparent and effective way. In turn, as Chief Executive and Accounting Officer of the Education Funding Agency (EFA), I must take proportionate steps to support proper financial stewardship. I will investigate allegations of actual or potential fraud, theft or irregularity and involve the police as required. We will continue to publish reports into investigations we undertake, in part to support learning from cases and also to make sure the academy sector is fully transparent. You can see recent reports here.

More information about your role and responsibilities as an Accounting Officer is set out in the <u>Academies Financial Handbook</u>. These duties place a personal responsibility upon you and it is a responsibility which cannot be delegated and which supplements any that you might have as trustee, director, Principal or Chief Executive. Your responsibility as Accounting Officer also means that you must consider and identify whether any of these roles come into conflict.

Cases of fraud or irregularity in academies are very few and I am well aware that no system can completely protect against individuals who are determined to commit a criminal act. Nevertheless, if we remain vigilant and carry out our roles diligently, I am confident that we can demonstrate high standards of stewardship of taxpayers' money, alongside the independence and autonomy of academies which provide a strong platform for the highest educational standards.

I would be grateful if you would share this letter with the trustees of your trust.

If you have any questions about this letter, please contact me at peter.lauener@education.gsi.gov.uk.

Yours sincerely

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