



Education  
Funding  
Agency

**Education Funding Agency  
Sanctuary Buildings  
Great Smith Street  
London  
SW1P 3BT**

**Tel: 0370 000 2288**

**Email enquiry form:**

**[www.education.gov.uk/help/contactus](http://www.education.gov.uk/help/contactus)**

**Date: 24 March 2104**

Ms Cheryl Heron  
The Accounting Officer  
St Aldhelm's Academy Trust  
Herbert Avenue  
Parkstone  
Poole  
Dorset BH12 4HS

## **Dear Ms Heron**

Financial notice to improve

I am writing to you in your capacity as the Principal/Accounting Officer of St Aldhelm's Academy ("the Trust").

This letter and its annex serves as a written notice to improve financial management, control and governance at the Trust following continuing concern over the internal control environment within the Trust and its weak financial position that requires the financial support of the EFA.

St Aldhelm's Academy is required, pursuant to the provisions of the Academy Financial Handbook (AFH) and the Funding Agreement, to comply with the terms of this Financial Notice to improve ("the Notice"). These terms are set out in Annex A.

Upon receipt of this Notice, all delegated authorities and freedoms in Part 2 of the current AFH and all relevant sections of revisions to this handbook will be revoked. All transactions by the Trust covered in Section 2 of the AFH, regardless of size, must come to us for approval. These delegated authorities shall be returned to the Trust providing that the conditions 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 the progress made towards meeting the requirements associated with this Notice. We 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, which all academies must comply with by virtue of the terms of the Funding Agreement. As a result of this breach of the AFH, and therefore also of the Funding Agreement, the termination processes in the Funding Agreement may be triggered. Depending upon the severity of the breach, this may be considered a material breach of the terms of the funding agreement and lead to the termination of the Funding Agreement.

I should be grateful if you would acknowledge receipt of this letter by 26 March 2014 by email to [REDACTED] [REDACTED]. Please also send [REDACTED] your formal response to these findings by 04 April 2014 quoting the reference: FNtl/StA240314.

Yours sincerely

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

Sue Baldwin  
Director, Academies and Maintained Schools

cc: Antony Moore, Chair of Governors

[REDACTED] (Diocese of Salisbury – Sponsor)

[REDACTED] [REDACTED] (Bournemouth University – Sponsor)

St Aldhelm's Academy

Ref: FNtIStA240314

Conditions

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of:
  - a. The necessity of the St Aldhelm's Academy ("the Trust") to obtain deficit funding and advances of funding from the EFA.
  - b. The findings of the External Assurance review which were confirmed to you on 30 January 2014.
  - c. The significant weaknesses identified with the Trust's internal control environment as reported by their external auditors, Crowe Clarke Whitehill, and previously in reports issued by the Chief Internal Auditor of Cobham and by Bishop Fleming.
  - d. The Trust's acceptance that the current sponsorship model has not been successful in securing improved financial stability and educational outcomes.
2. The Trust is required to:
  - a. Review its recovery plan and confirm the accuracy of the financial projections to the EFA.
  - b. Set out the specific actions and timescales ("recovery plan actions") required to implement the recovery plan in order to secure financial recovery.
  - c. Update, submit and implement the 'internal control action plan' to address the remaining internal control weaknesses reported by Crowe Clarke Whitehill, previous audit recommendations made by the Chief Internal Auditor of Cobham, Bishop Fleming, and the External Assurance review .
  - d. Supply the EFA with appropriate monthly management accounts which as a minimum contain the information specified in the Academies Financial Handbook by the 20th working day of each month. This will be reviewed when we are satisfied these returns meet the requirements of the AFH;
  - e. Implement the required actions from commissioned reviews of governance and sponsorship.
  - f. Pass a special resolution allowing the current sponsors to step down.

Please note however:

- The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the control weaknesses identified;

- The Trust should take all appropriate actions to ensure the recovery plan and internal control action plan is fully implemented; and
- The EFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

### **Timescales**

3. The Trust must review and confirm the accuracy of the recovery plan, submit the recovery plan actions and updated internal control action plan to the EFA by 16 May 2014
4. We will agree further milestones as part of the finalisation of the Trust's recovery plan actions. We would expect all underpinning systems and processes to be fully operational by 31 August 2014.

### **Monitoring and Progress**

5. The Trust is required to meet the specific conditions outlined above to enable the EFA to monitor compliance and progress.
6. The Trust must supply the EFA with monthly financial monitoring information as set out in section 2 of this annex by the 20th working day of each month for one year from the date of this Notice. The frequency of the financial monitoring information will be agreed with the Trust in the second year.
7. The Trust must supply the EFA with a quarterly progress report on the implementation of the recovery plan and the internal control action plan by the 15th working day of the end of the quarter. These reports will be reviewed at quarterly meetings between the Trust and the EFA.
8. The Trust should contact the EFA at an early stage if it believes that performance is falling behind the schedule set out in the action plan.
9. 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 EFA will begin to consider and explore the contractual intervention options available.

### **Compliance and the End of the Notice Period**

10. Compliance with this Notice will be demonstrated when:
  - a. The EFA receives financial information demonstrating, with reasonable certainty, that no further financial support will be required. This will typically be after receipt of both:
    - updated projections showing that no future advances of funding will be required; and
    - a set of audited financial statements with unqualified audit opinions, confirming that the Trust is performing at least as well as was projected in the agreed recovery plan, has an at least break-even position and no longer has a reserves deficit.

- b. All measures set out in the internal control action plan have been implemented and the EFA is able to validate, by visiting the Trust to test that the new arrangements are operating effectively throughout the Trust.
- 11. When the Trust meets the conditions outlined in this annex, the Notice will no longer apply and the EFA will write to the Trust again to confirm that the Notice has been lifted.