

Academies finance and assurance steering group

06 May 2014

11am to 1pm, Department for Education, Sanctuary Buildings, 20 Great Smith Street,
London, SW1P 3BT

Academy representatives

Adrian Bowater	Walsall Academy
Amanda Rawson	The Greetland Academy
Amanda Bennett	The Greetland Academy
Chris Hutton	City of London Academy & FD Forum
Gareth Dawkins	Bradford Academy
Ian May	Baker Dearing Educational Trust
Julie Evans	Martham Primary and Nursery
Mike White	Bartley Green School
Sandy Woodcock	Ribston Hall
Sarah Bagshaw	St Bede Church of England Primary Academy
Simon Oxenham	Southend High School for Boys
Steve Lester	St Peter's Catholic High School
Val Andrew	Association of School and College Leaders

Education Funding Agency (EFA)

John Rawsthorne (Chair)	Deputy Director, Planning & Performance Management
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Apologies

Andrew Dodd	NASBM
Barry Walder	The Charter Academy
Charles Parker	Baker Dearing Educational Trust
Chris Crowther	Unity Academy
David Hampson	Tollbar Academy
James Nicholson	United Learning Trust
Kam Tallhar	Nishkam Free School
Mark Aldridge	Hockerill Anglo-European College
Margo Muris	Alec Reed Academy
Martin Latham	Robinswood Primary School
Stephen Morales	NASBM

In attendance

Andrew Wye	Department for Education
Christina Thomas-Lewin	Education Funding Agency
David Massey	Education Funding Agency
Donna Lewis	Education Funding Agency
Jane Davies	Department for Education
Jonathan Daniels	Department for Education
Peter Newson	Education Funding Agency
Rachel Haynes	Education Funding Agency

1. Attendance and apologies

The chair welcomed everyone to the meeting and noted apologies.

2. Declarations of interest

There were no declarations of interest.

3. Minutes of the meeting held on 11 February 2014

The minutes were accepted as an accurate record of the meeting.

4. Working Group 1

Update from the chair

Steve Lester provided an update to the group on the recent meetings held by working group 1 and the substantial amount of work carried out by the group to improve and update the Academies Financial Handbook (AFH) for 2014.

Steve referred to John's email of 19 March to Steering Group members formally announcing his new role which followed Stephen's (Morales) request to step down as chair for WG1 due to his increased workload at NASBM. Steve echoed John's email to thank Stephen for his work with group 1 and confirmed that Stephen will continue to be a member of the Steering Group.

Academies Financial Handbook

David Massey presented a paper to the group which gave an overview of the changes that have been agreed by working group 1 and below are four areas where evolving policy may impact on the AFH further:

- Related party transactions
- Investment policies
- Disclosure of staff severance payments
- Indemnities

There was considerable discussion and concerns were raised by some members of the group around the areas of audit committee membership (page 6), responsible officer (2.48, page 20) and leasing (page 40). David made reference to HMT's Audit Committee Handbook and Managing Public Money that had been used to ensure the revised AFH was written in accordance with and adhered to the policies set by Treasury.

Action 1: An additional Steering Group meeting will be arranged in June for members to consider any revisions and recommend the AFH 2014 for approval.

Risk Protection Arrangement (RPA)

Jane Davies and Andrew Wye from the Department for Education joined the meeting to discuss the new Risk Protection Arrangement (RPA) taking effect from September 2014.

Jane and Andrew provided reassurance to the group that further details of the scheme would be shared as soon as possible with academies and appreciated that the initial announcement was very high level. Further details are being worked through with the sector and Gallagher Bassett who specialise in risk management.

They informed the group that a claims hotline is being set up by the Department to support academies as concerns were raised that there is only an email address and this was causing frustration.

Members of the group raised their concerns that academies were losing their attraction to insurance companies but Jane confirmed that the department would share details of 'route to market' providers that may assist academies struggling to find appropriate cover for items such as motor insurance.

Action 2: Jane and Andrew to share 'route to market' details with Steering Group members for information

Action 3: Adrian Bowater to liaise with working group 3 members to volunteer for telephone conferences with DfE staff coordinating the new Risk Pooling Arrangements.

Related Party Transactions

Jonathan Daniels from the Departments' Academies and Free School Policy Division joined the meeting to inform the group of policy discussions which would impact upon Related Party Transactions in academies following strong views expressed by members at the Public Accounts Committee.

The policy on academies paying related parties had the following requirements to manage conflicts of interest, avoid preferential terms, avoid profit and procure competitively and in addition to this, the Department introduced a "not for profit" policy for academy sponsors and trustees in October 2013.

Members of the group expressed concern that further restrictions on the policy may prevent experienced Principals and Finance Directors from supplying much-needed expertise to newer and smaller academies.

Members also highlighted that there are no comparable restrictions in maintained schools and therefore it was felt that the level of restriction may be disproportionate for academies striving to improve, deliver and achieve value for money.

Action 4: Steering Group members to email Steve Lester (as Chair of WG1) with examples of where the further restrictions on Related Party Transactions would cause practical difficulties.

5. Working Group 2

Update from the chair

Mike White provided an update to the group on recent meetings held by working group 2 and the substantial amount of work carried out to improve and update the March and August Account Returns and the extensive amount of work and input from the group to develop the Accounts Direction for 2014.

Academies Accounts Direction (AAD) 2014

David Massey presented a paper to the group which gave an overview of the changes that have been agreed by working group 2 and two areas where further work was required by the working group:

- Disclosure of individual staff severance payments
- Trusts signing up to indemnities

The Working Group recognised that the new accounting framework based on FRS 102 is being introduced by the FRC and will apply to charities for periods beginning on or after 1 January 2015. With this date in mind the group agreed that this should not be implemented in the 2014 AAD and instead a full review of reporting requirements will be carried out as part of the development of an FRS-102 compliant AAD for 2015/16.

Similarly the Working Group proposed that discussions about any fundamental repositioning of regularity guidance will be addressed as part of the 2015/16 round and not in the 2014 AAD.

As the EFA had committed to publishing the Academies Accounts Direction by 31 May, the working group made a recommendation to the Steering Group to approve the AAD as presented but noting that further clarification will be given on the two areas identified above.

Steering Group members endorsed the work of WG2 on the AAD and following further discussion, agreed that the date for trusts to publish accounts on their website to be brought forward from 31 May to 31 January.

New electronic Budget Forecast Return

Donna Lewis gave a brief live demonstration of the new Budget Forecast Return and highlighted some of the key features that had been built in to the online form, including:

- built-in validation questions to speed up the submission process which will help to reduce the number of follow up queries from Deloitte;
- pre-population of the forecast data once actual data has been populated for September 2013 to March 2014;
- Help buttons;

- B/fwd amounts will be checked automatically against c/fwd amounts in the previous return/accounts return.

The return will be available to use from 30 June via the Information Exchange and all academies will be encouraged to use the electronic form rather than submit the previous Excel document.

Donna requested volunteer academies to rigorously test the document over the next few weeks to resolve any potential issues before the document goes live.

Action 5: Chris Hutton to provide a list of volunteers from the FD Forum to Donna Lewis by 10th June.

Action 6: Donna Lewis to coordinate a testing day where colleagues from the Finance team will be available to offer online support.

6. Webinars, online training and gov.uk

Rachel Haynes, a Communications Manager for the EFA, joined the meeting to introduce a new method of delivering information to academies through a series of narrated presentations and webinars. This will help people at academy trusts complete their financial returns and keep abreast of changes to the financial framework.

Webinars are a flexible way of reaching a wider audience and academies can access training in more efficient and effective ways at a time and location to suit them.

Confirmed live webinar sessions that are taking place over the next few months:

- **9th June 2pm:** Budget forecast returns – a chance to ask questions on completing your return – **for all academies;**
- **15th July 11am:** Understanding the academies financial framework, including the academies financial handbook and the accounts direction – **for all academies;**
- **15th July 2pm:** Understanding the academies financial framework, including regularity audit and lessons learned from the 2012 to 2013 financial statements – **for academy auditors.**

Updates will be provided via the EFA e-bulletins or academies can sign up to the webinars via the following link: <https://registration.livegroup.co.uk/academyfinance/>

Rachel then explained that the EFA has moved its web content to [the gov.uk website](#) where groups of documents can be gathered together and accessed through the contents section making it easier for academies to find information on the same topic or theme.

For information, all items relating to the Academies Finance and Assurance Steering Group can be found in the [steering group's document collection](#).

7. Working Group 3

Update from the chair

Adrian Bowater provided an update to the group on recent meetings held by working group 3 on pupil data audit and alternative regularity

Progress on pupil data audit

In November, working group 3 (WG3) discussed the need for the EFA to obtain assurance about pupil data and FSM eligibility. It was agreed that the best solution appeared to be through analytical review of pupil data, subject to sufficient data being available. Should this analytical review approach option fail to provide sufficient assurance by itself, then a programme of targeted funding audits on a risk basis (not random) might provide a solution, hopefully with a lower sample size than the current programme of funding audits.

Michael Lawler, who is leading on this task for the EFA, had difficulties in gaining access to the information required (i.e. pupil numbers by year group and FSM data) in a format that would be easy to collate across multiple schools. Data has been collated for 5 local authorities as a starting point as there are members of the working group whose academies are based within these LAs, so the members may be able to help explain any anomalies identified.

The project is behind due to delays in obtaining data and resource difficulties, but we hope to be able to agree whether or not to implement this approach at the next WG3 meeting in July.

Progress on alternative regularity approaches for newly opened academies

In November, WG3 discussed various options for how the EFA might obtain assurance from new academies. The clear preference of the group was to retain FMGS as a mandatory submission requirement for new academies, supported by a programme of validation visits to gain assurance that academies are completing their returns correctly, as is current practice.

The group will continue to explore new options as the framework develops (e.g. if auditing the March accounts return is ever required, we may be able to piggy-back onto this), but given the preference of the working group, change in the near future is highly unlikely.

8. Any other business

The Terms of Reference and membership of the group are being looked at and will be discussed with the group at the next meeting.

Action 7: Christina to review the membership of the group and update the Terms of Reference in preparation to share with the group.

9. Date of next meeting – 16th September 2014.

The meeting ended at 13:30.