



Education
Funding
Agency

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10 September 2014

Dear David

Financial Notice to Improve ('the Notice')

I am writing to you in your capacity as Accounting Officer of E-ACT Academy Trust ('the Trust'). This letter and its annexes have been amended to reflect the reviews carried out since March 2013 (when the original Notice was issued), and take into account the structural changes to the Trust, including the transfer of nine academies from the Trust over the course of the last year. This continues to serve as a written notice to further improve financial management, control and governance at the Trust.

The Notice at Annex A is our formal requirement for the Trust to identify actions needed to address both continued and additional weaknesses found, and these are summarised in Annex B. This Notice acknowledges where progress has been made against the original Notice issued in March 2013 but also imposes new conditions which reflect the changes in the Trust's financial and structural position over the last year.

We will continue to monitor progress made towards meeting the requirements associated with this Notice. We will lift the Notice when the requirements set out in the annexes have been met. In the event that the Trust is unable to meet the requirements of this Notice, we will need to consider the contractual intervention options set out in the Trust's funding agreement.

I should be grateful if you would acknowledge receipt of this letter by email to [REDACTED] at [REDACTED]. Please send me your formal response to these findings and an action plan to meet the requirements associated with this Notice by Wednesday 1 October 2014.

Yours sincerely

Sue Baldwin
Director, Academies

cc: Dr Ann Limb

Financial Notice to Improve: E-ACT Academy Trust ('the Trust')

Ref: E-ACT

Conditions

- The Education Funding Agency (EFA) reviewed the Financial Notice to Improve (the Notice) as a consequence of some continued weaknesses in financial management control and governance highlighted over the course of the EFA review of progress against the Notice since March 2013, and the changes to the Trust's circumstances over the last year.
- The Trust is required to prepare and implement an action plan to address these weaknesses in financial management and governance.
- The Trust should supply the EFA with monthly progress reports on the work undertaken and the improvements and outcomes achieved.

Please note however:

- The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen any control weaknesses highlighted in the reviews or through the annual external audits;
- The Trust should take all appropriate actions to ensure the agreed action plan is fully implemented; and
- The EFA must be satisfied that the Trust is doing what it can to rectify the weaknesses identified.

Timescales

- The Trust should submit an action plan to [REDACTED] by 1 October 2014. That plan should detail the action that the Trust intends to take to address the weaknesses in its financial management and governance arrangements that have led to the issue of this Notice.
- Full implementation of the plan by the Trust should be completed within a timeframe to allow externally audited 2013/14 financial statements to be submitted on time.

Monitoring and Progress

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

- Should it become evident that the Trust is unlikely to fulfil the conditions of this Notice 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

- Compliance with this Notice will be demonstrated when all measures set out in the action plan, including timely receipt of E-ACT's 2013/14 externally audited financial statements, are in place and the EFA is able to validate, by visiting the Trust to conduct testing if appropriate, that the new arrangements are being embedded throughout the Trust.
- When the Trust meets the conditions outlined in this annex, the Notice will no longer apply. At this point the EFA will write to the Trust again to confirm the Notice has been lifted.

E-ACT Academy Trust ('the Trust') Financial Notice to Improve - Review Actions

Financial Statements and Management Letter

- Completion of the Trust's financial statements and other returns properly completed and by the required deadlines;
- Satisfactory resolution of all KPMG's priority management letter issues;
- Monthly management accounts sent to EFA offices for scrutiny.

Financial Controls

- Resolution of all the issues identified in the whistleblowing investigation report and during the last EFA monitoring visit undertaken in July 2014, including: the inclusion of all deposit interest in the accounts, and security and adequacy of all cash deposit records;
- Accurate financial management information for each of the Trust's academies and actively managed plans for deficit reduction are in place where necessary.

Supplier/professional services

- Ensuring due process in all procurement processes and maintenance of transparency in the letting of contracts;
- Ensuring effective internal recording, oversight and management of contracts and procurement activity;
- Ensuring all consultancy contracts comply with the Trust's own procurement processes are understood and followed together with a strategy to minimise the dependency on the use of and early cessation of interim consultancy cover.

Credit/charge card payments

- Expenses claims and corporate credit cards are properly used and administered in accordance with the Trust's regulations.

Other Issues

- Satisfactory resolution of all outstanding redundancy claims;
- Compliance with all the withdrawn delegated authorities as per the academies financial handbook;
- Repayment of the advance of funding made in May 2014;
- An agreed capital spend position against projects with an ongoing agreed methodology for payment and supporting records in accordance with the EFA capital team instructions

- Confirmation of the date of cessation of the top-slice for academies transferring out of the Trust, as agreed with the EFA.