



Education  
Funding  
Agency

Education Funding Agency  
4<sup>th</sup> Floor 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)

18 March 2015

Mr Chris Gray  
Principal and Accounting Officer  
Grindon Hall Christian School  
Nookside  
Sunderland  
Tyne and Wear  
SR4 8PG

Dear Mr Gray

### **Financial Notice to Improve (FNtl) – Supplementary Notice**

I am writing to you in your capacity as the Principal and Accounting Officer of Grindon Hall Christian School (“the Trust”) following a recent Education Funding Agency (EFA) Financial Management and Governance (FMG) review, which took place at the school on 13 January 2015.

As you are aware, the FMG review included a document review and individual interviews with you, the Chair of Governors, the interim bursar and finance support officer. The review has identified weaknesses in financial control and governance that the Trust must address and these are set out below at Annex A. As a consequence, I am issuing this Supplementary Notice to the original Financial Notice to Improve (FNtl) which was issued to the Trust on 5 January 2015. This serves as notification that the Trust must improve these additional financial management, control and governance concerns, alongside those contained within the original Notice. This Supplementary Notice will be published in due course on [GOV.UK](http://GOV.UK).

Compliance will be monitored using documentary evidence from the school, as well as EFA attendance at Governing Body and Finance Committee meetings to observe working practices. A full formal EFA FMG review will take place in May 2015.

I note that the Trust has now submitted their 2013/14 accounts, value for money statement and management letter. This is significantly later than the deadline of 31 December 2014, and I would draw your attention to the clause in Annex A of the original FNtl which stipulates that financial returns must be made by the prescribed deadline and without qualification. Further late returns, or qualifications on the accounts, would leave the Trust in breach of the FNtl and no further advance of funds for 2014/15 would be considered.

I would be grateful if you would acknowledge receipt of this letter and provide a formal response - recognising the requirements set out here - within three working days of the

date of this letter. This should be sent by e-mail to [REDACTED]. I am copying this letter to the Chair of the Governors.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sue Baldwin'. The signature is fluid and cursive, with the first name 'Sue' written in a larger, more prominent script than the last name 'Baldwin'.

Sue Baldwin  
Director: Academies and Maintained Schools

Cc Ian Parker, Chair of Governors

**Identified Areas of Weakness – Governance Arrangements**

1. The Governing Body (GB) structure is inadequate; i.e. currently only the full GB and the Finance Committee (FC) are in place.
2. There is no audit committee function as required by para 2.4.2 of the Academy Financial Handbook (AFH) 2014; which requires Academy Trusts to establish either a dedicated audit committee or include those functions within an existing committee.
3. There is evidence of only one FC meeting in 2013/14 – in October 2014; although the Terms of Reference (ToR) set out that meetings should be termly. This breaches para 2.2.4 of the AFH 2014.
4. There is minimal evidence of scrutiny and challenge by the FC and evidenced in the single set of minutes. As there are only 3 members on the FC; the Accounting Officer (AO), a parent governor (FC Chair) and the previous Bursar, who has since left the school; there is a lack of sufficient oversight or independence, especially given the school's historic and current financial position.
5. The GB minutes do not record any challenge of the Head Teacher (Accounting Officer) by other Governors. This does not provide assurance that robust challenge is taking place
6. There is a lack of accurate, relevant and meaningful financial Management Information (MI) being presented to the FC and GB.
7. There is a lack of training by Governors for their role. There was evidence (certificates) that only two Governors had completed the on-line training.
8. The Register of Interests is not complete. This includes an omission by the AO (head) who has not declared his interest in Chantry House Associates (CHA).
9. The Risk Register is out of date. This was confirmed by the AO who agreed it required reviewing as it was out of date.
10. The Whistleblowing Policy is inadequate as it provides insufficient guidance for staff. It is referenced in the Staff Handbook but only includes reference to safeguarding issues.

**Identified Areas of Weakness – Financial Procedures**

1. Credit card purchases for school books were not supported by relevant receipts.
2. Purchase orders are authorised retrospectively.
3. There is a lack of evidence to ensure other quotes are obtained when contracts are due for renewal, to ensure value for money (VfM). For example, one supplier had provided continuous service from 2007 to the present day. When their contract was renewed in 2013 there was no evidence that quotes were obtained from other suppliers.

4. There is no documentation to confirm the catering contract was appropriately tendered to ensure compliance with procurement regulations and VfM. Additionally, the current contract allows for 48 staff members to receive a subsidised school meal. Whilst you have stated the arrangement is to mitigate the requirement for lunchtime staff, it may not suggest best use of public funds or VfM, especially when the trust is forecasting a significant deficit.
5. A lease car for the head (£3,917 inc. VAT + £881 insurance) is expensive compared to other available lease cars we have reviewed; and does not suggest good use of public funds or VfM. Interviews during the FMG Review identified that the car is insured for all staff for school use, but it is not clear whether its value has been considered alongside the two mini buses that the school also operates.

#### **Identified Areas of Weakness – Other**

1. The Trust is reminded that its recruitment processes must be open and transparent..

**Specific actions required of the Trustees**

1. The Education Funding Agency (EFA) is issuing a Supplementary Notice to the FNtl as a consequence of:
  - The Trust's weaknesses in financial control, management and governance, as set out at Annex A.
2. The Trust is required to:
  - Rectify any areas of weaknesses identified at the EFA FMG Review held on 13 January 2015 (set out at Annex A); to the satisfaction of the EFA, and in line with the Trust's funding agreement (FA) and the AFH.
  - Ensure full compliance with all aspects of the FNtl issued to the Trust on 5 January, and the FA and AFH - together with the aspects described in this Supplementary Notice.

**Monitoring and Progress**

3. The Trust must supply the EFA with documentary evidence of progress to rectify the areas of weakness identified at Annex A. The frequency of submitting evidence should be monthly; but EFA officials, by virtue of the Trust's FA must be allowed access to documents at any time on request.
4. We expect the Trust to supply the documentary evidence of progress by the 28th of each month until further notice; with immediate effect.

This financial information should be emailed simultaneously to [REDACTED] and [REDACTED] at [REDACTED]

**Compliance and End of Notice Period**

5. Compliance with this Supplementary Notice will be demonstrated by delivery of the requirements set out within it; and those of the FNtl issued to the Trust on 5 January 2015. We may revisit the compliance conditions of the FNtl and this Supplementary Notice at any time.
6. When the Trust meets the conditions outlined in the FNtl and this Supplementary Notice the EFA will write to the Trust again to confirm that it has been lifted.