



Department  
for Education

# **Cuckoo Hall Academies Trust investigation report**

**February 2015**

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## Executive summary

1. On 28 November, the Education Funding Agency (EFA) received a number of allegations in relation to Cuckoo Hall Academies Trust (CHAT) – including on governance, safeguarding, bullying, recruitment, HR processes and IT policy and security.
2. The EFA investigation started on site on 8 December, testing whether there have been any material breaches of the funding agreements (FA) and Articles of Association for CHAT. The documentary and interview evidence collected by the investigation team show a number of material breaches in relation to:
  - a) Clause 16 (a) and (b) of the CHAT Master Funding Agreement (MFA) which requires each Academy to be operated in accordance with the Articles of Association, and with all requirements imposed by or under statute, including the Independent School Standards.
  - b) Clause 17 of the CHAT MFA which requires each Academy to comply with the Independent School Standards, in relation to carrying out DBS checks.
  - c) Clause 73 of the CHAT MFA which obliges the Trust to comply with the requirements of (and otherwise have regard to) the Academies Financial Handbook.
3. These include failures by the Trust on safeguarding; specifically to carry out suitability checks on staff prior to (or as soon as practicable after) appointment; to have an accurate single central register; and to meet the statutory requirements on fire safety.
4. There have also been material breaches in relation to the management of conflict of interests by the Trust, particularly in relation to the recruitment of family members.
5. This report sets out detailed findings on the relevant breaches and potential breaches in the findings section, and summarises them at Annex A.

## Introduction

6. On 27 November 2014 the then chair of the Cuckoo Hall Academies Trust (CHAT) suspended: (i) the executive head; (ii) the head of Cuckoo Hall Primary Academy; and (iii) a member of the Board of Trustees and chair of the Local Governing Body at two of the schools (also the husband of the executive head). The Education Funding Agency was notified on the 28 November of the suspensions and allegations in relation to CHAT.

7. The allegations covered a number of areas as follows:

- i. **Safeguarding** – that staff had been employed at Cuckoo Hall without DBS checks and that the Single Central Register had been falsified during an Ofsted inspection.
- ii. **Bullying and harassment** – that staff within CHAT had been bullied.
- iii. **Recruitment** – that a close relative of the executive head and her husband had been appointed to a senior leadership position within CHAT without a transparent and fair recruitment process being followed.
- iv. **HR processes** – that disciplinary proceedings had been undertaken without the former chair's knowledge and that the electronic signature of the former chair had been used on dismissal letters without her knowledge.
- v. **IT policies and security** – that the email account of the company secretary had been hacked.
- vi. **SATs results and assessment** – that SATs results had been inflated.

8. There have been subsequent allegations that the former chair interceded in disciplinary proceedings against a relation and that these disciplinary proceedings were the motivation for the suspensions.

## Background

9. Cuckoo Hall Academies Trust (CHAT) is a multi-academy trust which has five schools in Enfield:

- i. Cuckoo Hall Academy is a primary converter academy. It opened in September 2010 and was rated as 'Good' by Ofsted in June 2014. The academy has a capacity of 960 pupils and is currently funded in 2014/15 for 781 pupils.
- ii. Woodpecker Hall Academy is a primary free school which opened in September 2011. It was rated 'Good' by Ofsted in January 2013. The school has a capacity of 480 pupils and is currently funded for 240 pupils in 2014/15.
- iii. Kingfisher Hall is a primary free school which opened in September 2012. It was rated 'Outstanding' by Ofsted in June 2014. The school has a capacity of

480 pupils including a nursery of 60 places. It is funded for 180 pupils in 2014/15.

- iv. Heron Hall is a secondary free school which opened in September 2013. It has not been inspected by Ofsted. The first term visit report by the education adviser was completed in November 2013. A 4th term visit has not yet been completed. It has a planned capacity of 1680 pupils and includes a sixth form with a capacity for 480 places. It is funded for 169 pupils in 2014/15.
- v. Enfield Heights is a primary free school which opened in September 2012. Sponsorship of Enfield Heights moved from CfBT to CHAT in September 2014. The school was inspected by Ofsted in March 2014 and was rated as 'Requires Improvement'. The planned capacity is 175 pupils. It is funded for 75 pupils in 2014/15.

10. CHAT is governed by a Board of Trustees with Local Governing Bodies (LGBs) for each of the five schools. The Board of Trustees has 13 trustees including the head teachers of four of the schools and the executive head. In total 6 members of staff are on the board. The other trustees include the chairs of the LGBs at each school.

## Scope of the investigation

11. The scope of the EFA investigation was set out in Terms of Reference sent to the Trust on 5 December. The objectives of the investigation were to:

- i. establish that safeguarding procedures and practice are compliant with the 'Keeping Children Safe in Education' statutory guidance and the Independent School Standards
- ii. ascertain whether policies are in place to deal with bullying and harassment
- iii. ascertain whether recruitment and grievance procedures are in place and have been followed
- iv. ascertain that IT policies are in place and are being complied with
- v. explore pupil testing and assessment arrangements
- vi. undertake an assessment of CHAT's financial management and governance arrangements and test compliance with the funding agreement and Academies Financial Handbook, including in relation to procurement

12. The investigation started on site on 8 December. The investigation team was a multi-disciplinary team including an education adviser. As part of the investigation the team reviewed a full range of documentation, the detail of which is set out at Annex B.

13. In addition, the investigation team was presented with evidence by interviewees including data relating to pupil progress and assessment and other emails and paperwork related to the specific allegations.

14. The team interviewed staff from across CHAT including senior leaders and other teaching staff within the five schools in the Trust. Given that the allegations were focused mainly on Cuckoo Hall Academy, the team spoke to more members of staff from that school. The team also interviewed and received evidence from former members of staff at the Trust. In total the team interviewed or received evidence from 28 members of staff, former members of staff and trustees. Of those people giving evidence 4 were former members of staff. The team interviewed and took evidence from the Senior Leadership Team at CHAT, staff who had material evidence on the breaches, and staff and former staff who asked to give evidence.

15. The Board of Trustees has commissioned its own independent report into the allegations. This report looked at the allegations relating to individual staff and has been concluded.

# Findings

## Safeguarding

16. On safeguarding, the investigation found evidence of serious breaches of the Trust's funding agreement and the Independent School Standards in relation to Cuckoo Hall Academy. Given these concerns, the EFA sought immediate reassurance from the Trust as to: (1) Disclosure and Barring Service (DBS) checks being in place in all schools across the Trust; and (2) there being no danger to children from issues identified in a Health and Safety Audit carried out on 27 October 2014 - i.e. prior to the EFA investigation at Cuckoo Hall Academy. The Trust have taken action and provided full reassurance that children at the schools within CHAT are currently safe.

17. The investigation found that safeguarding policies are in place, including a Safeguarding Children policy which was drawn up in November 2014 for Cuckoo Hall Academy. There was no evidence obtained by the investigation that this had yet been submitted to and agreed by the CHAT Board. However the Chair of the Board's evidence is that this would have been considered by the CHAT Board in December 2014, had the suspensions not taken place. The Cuckoo Hall Academy policy requires the head and chair of the Local Governing Body to take overall responsibility for safeguarding arrangements and a named member of the Local Governing Body to be responsible for child protection matters.

18. The DfE document "Keeping Children Safe in Education" was considered by the Local Governing Bodies in autumn 2014, with the exception of Cuckoo Hall Academy. The Cuckoo Hall Academy meeting planned for 8 December, at which the DfE document was to have been considered, was postponed because of the need to hold a special Board meeting. Within CHAT the named governors for child protection and safeguarding for each school are the former chair of governors for Cuckoo Hall Academy and Kingfisher Hall Primary Academy, a member of the Local Governing Body for Woodpecker Hall Primary Academy and the chair of governors for Heron Hall Academy. The chair of the Local Governing Body and a member of staff have responsibility for behaviour and safety at Enfield Heights Primary Academy.

19. The investigation tested the allegation that staff started work at Cuckoo Hall Academy without DBS checks. There is evidence, from comparing payroll start dates with the Single Central Register (SCR) of 30 June 2014, that a significant number of staff at Cuckoo Hall Academy started work prior to the receipt of DBS clearance. Comparing the payroll data from Cuckoo Hall Academy with the SCR of 30 June shows that in at least 25 instances individuals started on payroll prior to receipt of DBS. In some cases this was a very short period. However, in over 20 cases it was over one week; and in over 10 cases over three weeks. Of the at least 25 who are shown from the payroll data to have started prior to receipt of DBS confirmation, at least 20 may reasonably be expected to have had some unsupervised access to children, including 2 examples of senior staff. In addition to this, comparing the 25 June version of the SCR with the 30 June SCR suggests that 26

members of staff were removed from the 30 June SCR. Of these 26 members of staff, 17 had started prior to DBS checks; the majority of these were back office staff but at least 4 could have reasonably been expected to have had unsupervised contact with children. The investigation did not find any evidence that risk assessments were undertaken for the staff who had started prior to DBS, or that they were accompanied until their DBS check was received by CHAT.

20. There was also evidence of a DBS check being returned, after a member of staff had started employment, with a relevant disclosure. The nature of the disclosure would not automatically prevent the individual taking up post, and would not of itself suggest that there was any risk to children. However, it is serious enough to warrant thorough consideration by leadership. It is unclear whether this disclosure was considered following receipt of the DBS and who – if anyone – considered it.

21. In interviews, the executive head, the head at Cuckoo Hall Academy, and the deputy head at Cuckoo Hall Academy stated an Ofsted inspector identified issues with a couple of records as part of an inspection in June 2014. The head of Cuckoo Hall gave interview evidence that these concerned a member of kitchen staff and a supply teacher. The interview evidence from the head of Cuckoo Hall was that she was reassured by HR in both these cases children had not been at risk and proper processes had been followed.

22. The Trust has reassured the EFA in writing that 'All Single Central Registers are in place and are to [their] knowledge true and accurate records'. '[They] do not believe that there is a safeguarding risk to any children or staff in the Trust'.

23. Nevertheless, the requirement to obtain suitability checks of all staff (and to obtain evidence of those checks in relation to supply staff) before or as soon as practicable after appointment is clearly set out in Part 4 of the Independent School Standards and a failure to comply is a breach both of the Standards and the funding agreement.

24. The investigation also looked at the allegation that the Single Central Register was falsified during an Ofsted inspection. As set out above, the investigation found significant disparities between the Cuckoo Hall Academy payroll data and the 30 June SCR on start dates. In at least 25 cases, the SCR records show a start date post the receipt of DBS, when payroll data show these individuals started prior to DBS clearance. In addition 26 records were deleted from the SCR, 17 of which had start dates prior to DBS checks. The fact that SCR start dates have been recorded as after the DBS checks or records deleted may suggest an attempt to conceal staff being employed without a DBS. This is supported by evidence from 3 members of staff we interviewed, including staff involved in making the alleged amendments. Specifically, interviewees suggested that the changing of the records took place on 26 June 2014, after the first day of an Ofsted inspection and was done with the intention of showing start dates following receipt of DBS checks. The interview evidence from 3 members of staff is that letters of appointment were also amended on 26 June to correspond with the start dates in the revised SCR. The



investigation team have seen 2 sets of appointment letters – one set corresponds with the payroll start dates and the other set with the 30 June SCR start dates.

25. The requirement for CHAT to have a register of suitability checks is set out clearly in part 4 of the Independent School Standards. This necessarily means an accurate register. The failure to have one is a serious breach of the Standards and the funding agreement. If a register has been created or amended so as to create a false impression of suitability checks, then that is a matter of concern. The allegations on safeguarding were also part of the Terms of Reference for the Trust's internal investigation.

26. Separately, on 9 December, a member of the Board of Trustees brought to the attention of the investigation team an audit of health and safety at Cuckoo Hall Academy dated 27 October which had been commissioned by the head at Cuckoo Hall (prior to the EFA investigation). This audit raised significant safety concerns, particularly in relation to fire safety. Some actions had been taken to address the issues in the audit, but there were significant gaps – for example in relation to a fire drill not taking place on the site jointly occupied by Cuckoo Hall Academy and Woodpecker Hall Academy following the linking of the fire alarm systems. In this context, the EFA wrote to the school on 10 December to ask them to take immediate action – including conducting fire drills on all sites on Thursday 11 December and resolving the remaining outstanding safety issues (including closing the school for a day on Friday 12 December or Monday 15 December if necessary). The Trust conducted successful fire drills in all schools between 9:00am and 10:00am on Thursday 11 December, and it was not necessary to close any school. The former chair, interim site manager, Director of Finance and Operations, a further director and all of the heads also met for two hours on 11 December and went line-by-line through the Health and Safety Audit. The Trust confirmed in writing that there was no immediate risk to the children and that the actions they have now put in place do not necessitate closure of any of the schools.

27. The evidence from the Board of Trustees at CHAT is that fire alarm tests of the linked system were happening on a weekly basis and there was an intention to conduct a full drill before the end of the autumn term.

28. It is clearly a structural failure of safeguarding policy and accountability that the findings of this Health and Safety Audit were not communicated in a transparent way to the trustees and senior leadership team, that there was not a systematic risk assessment of the issues highlighted, and that immediate action was not taken to address all those issues which posed a safeguarding risk. The head of Cuckoo Hall Academy's evidence from interview is that she was progressing the necessary actions up until the time of her suspension and that she had taken immediate action on the day of receiving the audit to address the most serious risk which was flammable substances being stored in the boiler room.

29. It is a requirement of part 3 of the Independent School Standards that arrangements are made to promote the welfare of pupils and that there is compliance with the Regulatory Reform (Fire Safety Order) 2005. It is the responsibility of the Fire

Service to enforce breaches of the 2005 Order, but it is EFA's assessment that at the time of the investigation, there was not yet compliance as the fire drill had not been carried out on the Cuckoo Hall Academy and Woodpecker Hall Academy site.

## **Bullying and harassment**

30. The Trust has bullying and harassment policies in place which state that 'staff must treat colleagues and others with dignity and respect and should always consider whether their words or conduct could be offensive. Even unintentional harassment or bullying is unacceptable'.

31. There is some evidence from the interviews conducted that the Trust's policies have not always been complied with. Of the 28 members of staff and former members of staff the investigation team interviewed, 9 said they had been bullied, and a further 10 talked about negative behaviours towards them. However, concerns about bullying were not universal and some senior staff have spoken in interviews of senior leadership being very supportive of them.

32. The EFA has a role in looking at whether policies and processes are in place on internal issues such as bullying and harassment. However, it is not the function of the EFA to make findings on specific allegations of bullying and harassment, and this report does not do so. Bullying and harassment is part of the scope of the Trust's own investigation.

## **Recruitment**

33. The Trust has a recruitment policy in place which sets out the Trust's approach to fair and transparent recruitment practices. The Trust's Equal Opportunity Policy covering all teaching staff and head teachers states that 'the trust is committed to promoting equality of opportunity for all staff and job applicants. The aim is to create a working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment and in which all decisions are based on merit.'

34. The Trust also has policies in place for managing conflicts of interest in recruitment. The employment or remuneration of certain specified family members of a Trustee is subject to a strict process set out in the Trust's Articles of Association. In summary this requires that:

- i. Such employment or remuneration must be agreed at a meeting of trustees
- ii. The trustee who is related to the prospective employee must absent themselves from any discussion and/or vote
- iii. The remaining trustees must agree that it is in the interests of the Trust to employ the person connected with the Trustee rather than someone not so connected

- iv. The amount to be paid must be reasonable in all the circumstances
- v. The reason for the decision must be recorded in the minute book

35. The investigation found evidence that the Trust's policies were not complied with in some key cases, and that the process set out in the Articles related to conflicts of interest was not followed. The investigation has seen evidence of at least 3 failures to follow the proper procedures in managing conflict of interest in appointments.

36. An example of non-compliance was a family member of the executive head and the suspended Trustee being appointed to a senior leadership post within CHAT. The family member was interviewed for an advertised post, and then appointed to a different acting post. This acting post was on a salary significantly higher than the advertised post (though in line with equivalent leadership posts). The application form that was submitted does not indicate the post that was applied for. The head of Cuckoo Hall Academy was responsible for the recruitment and in interview said she had wanted to appoint the family member on a permanent basis to the higher paid post but agreed based on advice from HR that it would be on an acting basis. The Trust's written evidence is this decision was taken in the context of significant pressure to fill leadership posts particularly with the Trust taking over Enfield Heights. The investigation team reviewed the minutes of the Board of Trustees at the point of this appointment and the only reference to it is the Local Governing Body being informed of the appointment in draft minutes of the Board meeting on 10 November. There is no evidence that points (i) to (v) of the Articles of Association on managing conflicts of interest were complied with.

37. There is also evidence that there has been a failure to follow process in pay rises and promotions. These failures are particularly in relation to the consideration and agreement by the Board of Trustees of pay rises and promotions where there is a potential conflict of interest.

38. The concept that trustees or their relatives do not gain financially from their position as trustees is central to the status of the Trust as a charity, to obtaining value for money, and to the exercise of regularity, probity and propriety the use of public funds. All of these are general requirements of the Academies Financial Handbook and the HM Treasury publication 'Managing Public Money'. The investigation obtained no evidence that the process on managing conflicts of interests (as set out at (i)-(v) above) had been carried out in the recruitment of family members, which is a clear breach of the Articles and the Academies Financial Handbook.

## **HR processes – suspensions, dismissals and disciplinary matters**

39. The Trust has in place a disciplinary policy which sets out the policy and procedures to be followed on disciplinaries, dismissals and suspensions. The policy states that 'The governing body has overall responsibility for the effective operating of this policy and for ensuring compliance with the relevant statutory framework. The

governing body has delegated day-to-day responsibility for operating the policy and ensuring its maintenance and review to the executive head'. The policy also sets the circumstances and process for suspension of staff, and the 3 stage process to be followed for a dismissal. The investigation did find some (disputed) evidence from interviews with staff and former members of staff that these policies on suspension and dismissals were not complied with. This is outside the scope of this review, and in some cases is the subject of grievances, appeals, and legal proceedings. They will form part of the scope of the Trust's own investigation.

40. There was a specific allegation that the former chair of trustees' electronic signature had been used on a letter without her permission. A letter was sent with the former chair's signature; the interview evidence on whether this was with or without her permission is conflicting. The interview evidence of the former chair and the former member of staff is that a member of staff sent a letter of appeal following their dismissal to the former chair marked 'private and confidential'. The former chair's recollection is that she did not see this letter or know that the member of staff had been dismissed. The former chair has subsequently seen a letter using her electronic signature that she stated in interview that she did not see or sign. The suspended member of the Board of Trustees in his evidence said a holding letter was sent on behalf of the chair but that was with her full knowledge and consent.

## **IT policies and security**

41. There is an Electronic Information and Communication Systems Policy in place which sets out the process and procedures staff should follow in relation to Information Technology. The Trust's policy prohibits the misuse of email communications and breaches of individual password rules. The investigation found evidence that the IT policy and code of conduct had potentially been breached, though the allegation of "hacking" was not proven.

42. There is interview evidence from a member of staff that the suspended member of the Board of Trustees asked for the password to someone else's email account, and subsequently accessed this account without their prior knowledge. The suspended member of the Board of Trustees' evidence is that this is not the case; rather he asked a member of staff to check if there had been an email from a particular individual. The Board of Trustees' written evidence is that there is no evidence an email was accessed.

## **SATs – testing and assessment**

43. The allegation is that there was malpractice in the conduct of national testing at age 11, which is beyond the remit of the EFA. The investigation gathered information on the SATs results, and the EFA has passed this to the Standards and Testing Agency.

44. On assessment, CHAT does have an Assessment Policy in place which covers the assessment, recording, and reporting of assessment. The aims of the assessment as

stated in the policy include to 'provide a clear indication of pupils' strengths and weaknesses' and to 'enable children to progress in their learning'.

45. In interviews, concerns were raised with the investigation team about the integrity of the assessments at Cuckoo Hall Academy, and the pressure on teaching staff to only show good progress.

46. The head at Cuckoo Hall Academy and the executive head both said in interview they had confidence in the assessment and have had external challenge to ensure the rigour of the assessment process.

## **Conflict of interest and the chair of CHAT**

47. The former chair of the CHAT Board was formerly related to another member of staff who was the subject of a disciplinary process by the Trust. The chair told the investigation in interview that she did on one occasion seek to intercede on behalf of this family member. The Board of Trustees has also given the investigation evidence that former chair did seek to intervene. The interview evidence of the executive head and the head is that the former chair did seek to intervene on behalf of the family member on more than one occasion. The former chair was removed as Chair by the Board on 16 December 2014.

## **Governance**

48. The evidence of breaches and potential breaches, as outlined above, indicated concerns on the capacity and capability of the Board of Trustees of the Cuckoo Hall Academies Trust. The breaches on safeguarding highlighted the CHAT Board's lack of sufficient oversight. The conflict of interest breaches showed a lack of robust processes to manage this issue as a Trust. The Trust have themselves identified that they need to strengthen the Board of Trustees with more high-quality independent members. The Trust have also identified weaknesses in their own Articles and management of conflict of interests.

49. The majority of the 23 current members of staff interviewed said that there was lack of clarity on the suspended member of the Board of Trustees' role (he is a Trustee and is currently chair of the Local Governing Bodies at two schools within the Trust). Some members of staff said that the suspended member of the Board of Trustees took an active management role; he and the executive head were described as 'job share' partners. The investigation team have seen one instance of an email from the executive head's email address from her husband. Some members of staff also said that having the executive head and local chair of governors as a husband and wife team left them without support or a clear line of appeal if they had concerns. The executive head and her husband described his role as 'operational' and being about managing the demands of a growing Multi-Academy Trust (MAT). The Board of Trustee's written evidence is that the Trustee as Chair at Heron Hall has led on the preopening and the temporary site for

this new free school and is now leading on their new build. The member of the Board of Trustees' role at CHAT is not prohibited; however trustees need to be in a position to hold the executive head and Local Governing Bodies to account, in the event of legitimate concerns from staff.

50. The allegations have further significantly destabilised the Board of Trustees. An interim chair of the Board of Trustees was elected at a meeting of the Board on 16 December. This followed the removal by the Board of the previous chair due to allegations of conflicts of interests. The Board of Trustees has been internally divided and this delayed the procurement of its own investigation into the allegations. In the EFA's view, relations between some trustees and some senior staff had degenerated to the extent that there was a serious breakdown in management and governance, to a degree which would entitle the Secretary of State to intervene in accordance with the funding agreement.

## Financial Management and Governance review

51. As part of the investigation, the team undertook a Financial Management and Governance review using the standard assessment criteria and can report the following matters.
52. As a result of recent events, CHAT had an interim accounting officer (AO) in the head of Kingfisher. As the new interim accounting officer, they had an increased reliance on the financial director as they familiarised themselves with their AO responsibilities.
53. The investigation team observed there is a procedure manual and clear segregation of duties among finance staff as well as good record keeping in general and compliance with a tendering regime for large spends from the contracts reviewed. However, the procedure manual is not comprehensive and does not cover credit card controls, purchasing controls and the tendering process in sufficient detail.
54. There was not a list available of all service/supply providers and we noticed credit card statements in the name of staff that left several months ago, high credit limits and some credit card spend without supporting documents or inadequate supporting documents.
55. There was insufficient consideration of value for money involved when using credit cards, for example, there was a high amount of purchases from IKEA and high end supermarkets. About £40k was spent through credit cards altogether including furniture and IT equipment over last two years. As highlighted by the external auditors there is not an up to date fixed asset register maintained by the academy trust, therefore we were not in a position to verify all these assets. The issues we identified with credit card controls and spending represents bad practice rather than misuse.
56. The investigation also identified through our substantive testing that certain salary increases are not transparent and following procedures for conflict of interest, as highlighted in the recruitment findings.
57. Most of the business interest declaration forms are nil returns. However it is clear some trustees have conflict of interests that should be declared on these forms, eg that the executive head's, members of the Board of Trustees', and the head's family members are working in the trust. This did not happen despite emails by the clerk and the financial director reminding trustees of their duties in this respect including that personal relations should be disclosed. We would regard this as a breach of the trustees' duties in company law, of paragraphs 1.5.13 and 3.1.11-3.1.20 of the Academies Financial Handbook, and consequently of the funding agreement.
58. No formal approach to at cost policy for connected parties has been applied and there is only one related party disclosure in the draft audited accounts for 13/14.

## Financial management and governance – table

Issue	Comments
Does the accounting officer, under the guidance of the board, ensure appropriate oversight of financial transactions?	There was at the time of the investigation an interim accounting officer in place, with no significant issues highlighted in the draft audit report for 2013/14. The accounting officer was only one week in the job, as the previous AO was suspended. Therefore there was an increased reliance on the Financial Director.
Has an appropriate internal control framework been established?	<p>There is a procedure manual and clear segregation of duties and record keeping in general is good. However, the procedure manual does not currently cover credit card controls, purchasing controls, or the tendering process in detail and we noticed a credit card statement in the name of staff that left several months ago and some credit card spend without supporting documents. There is a manually maintained high level fixed asset register which is due to be updated in March 2015 and it was noted that some furniture and equipment is purchased through credit cards. There are credit cards limits for each academy but there was no agreed credit card policy for using the credit card by officers and there was not consideration of value for money involved in the credit card process. About £40k spent through credit cards including furniture and IT equipment. This matter is being resolved through a school credit card policy which has been drawn up in January 2015.</p> <p>We identified through our substantive testing certain salary increases are not transparent and conflicts of interests were not managed according to the AFH.</p>
Has the board been informed of the requirement to act prudently in ways that command broad public support and the requirement to report on how the academy has secured value for money?	Generally value for money is sought through competitive tendering or quotes. There is some credit card expenditure on furniture and hospitality where more value for money could have been achieved.



<p>Have all trustees completed the register of business interests?</p>	<p>Most of the business interest declaration forms are nil returns. However it is clear some trustees have conflict of interests that should be declared on these forms, eg that the executive head's, members of the Board of Trustees', and the head's family members are working in the trust. This did not happen despite emails by the clerk and the financial director reminding trustees of their duties in this respect including that personal relations should be disclosed. We would regard this as a breach of the trustees' duties in company law, of paragraphs 1.5.13 and 3.1.11-3.1.20 of the Academies Financial Handbook, and consequently of the funding agreement.</p>
<p>Are there measures in place to manage any conflicts of interest?</p>	<p>Not properly enforced despite policies and guidance requiring this. It is clear some trustees have not declared or appropriately managed their conflicts of interests.</p>
<p>Has the board approved a competitive tendering policy?</p>	<p>No independent competitive tendering policy developed.</p>
<p>Has the board been informed that goods or services provided by individuals or organisations connected to the trust must be provided at 'no more than cost', on the basis of an open book agreement and supported by statements of assurance, in accordance with the conditions set out in the Handbook?</p>	<p>This has not been fully communicated and recorded at Board level despite the attempts of the FD.</p>

## Annex A

### Schedule of breaches of the Master Funding Agreement and/or legislation relevant to Academies

The material breaches relate to Clause 16 (a) and (b), 17 and 73 of the CHAT Master Funding Agreement, being respectively breaches of the Articles, the Independent School Standards and the Academies Financial Handbook.

FA Clause No/ISS Section No	Subject/text of the clause	Evidence of the breach
<p>Paras 19 and 20 of Schedule 1 to the Education (Independent School Standards)(England) Regulations 2010</p> <p>Clause 16 (b) and 17 of the Master Funding Agreement</p>	<p>The requirement to carry out suitability checks on staff prior to (in some cases as soon as practicable after) appointment.</p>	<p>A significant number of staff, including teachers and teaching assistants, appear to have started work prior to the results of suitability checks being known. The evidence comes from the SCR, appointment letters and payroll data. The investigation did not find any evidence that risk assessments were undertaken for the staff who had started prior to DBS, or that they were accompanied until their DBS check was received by CHAT.</p>
<p>Para 22 of Schedule 1 to the Education (Independent School Standards) (England) Regulations 2010</p> <p>Clause 16 (b) of the Master Funding Agreement</p>	<p>The requirement to have a single central register.</p>	<p>There is evidence that the single central register was not accurate, and had been amended to create a false impression of the time at which suitability checks were carried out.</p>

<p>Part 3 paras 3 and 13 of Schedule 2 of the Education (Independent School Standards) (England) Regulations 2010</p> <p>Clause 16 (b) of the Master Funding Agreement</p>	<p>The requirement to make arrangements which safeguard and promote the welfare of pupils at the school.</p> <p>The requirement to comply with the Regulatory Reform (Fire Safety) Order 2005.</p>	<p>There was not a systematic risk assessment of the issues highlighted and immediate action was not taken to address <u>all</u> those which posed a safeguarding risk. For example, a fire drill had not yet been conducted on the Cuckoo Hall Academy and Woodpecker Hall Academy sites following the linking of the alarm systems.</p>
<p>A6.6 - 6.9 of the Articles of Association.</p> <p>Sections 175 and 177 of the Companies Act 2006.</p> <p>Para 1.5.13 and 3.1.11-3.1.12 and 3.1.16-3.1.19 of the Academies Financial Handbook</p> <p>Clause 16 (a) and 73 of the Master Funding Agreement</p>	<p>The requirement to ensure that trustees and certain specified relatives of trustees do not receive a benefit (in the form of employment, remuneration or other benefit) without scrutiny by non-conflicted trustees, so as to ensure that public and charitable funds are used with propriety and that value for money is secured, and that decisions are made strictly in the interests of the Trust. The requirement to maintain a register of conflicts of interest.</p>	<p>The employment of family members of trustees is perfectly permissible, subject to the proper management of conflicts of interests, the employment being strictly in the interests of the Trust, and value for money being secured. Investigators obtained no evidence that the required process had been followed in the case of a number of appointments. The investigation has seen evidence of at least 3 failures to follow the proper procedures in managing conflict of interest in appointments. There is also some evidence that there has been a failure to follow a transparent process in pay rises and promotions. These failures are particularly in relation to the consideration and agreement by the Board of Trustees. We noted no declaration of these conflicts had been made.</p>

## Annex B

### List of documents reviewed as part of the investigation into the Cuckoo Hall Academies Trust

- The HR policies of CHAT
- The paperwork related to the recruitment of the family members of the executive head, head, and trustee.
- Safeguarding policies and procedures
- Single Central Registers
- Health and Safety Audit report for Cuckoo Hall Academy
- Minutes and supporting papers for all meetings of the governing body and finance committee for the last year
- Terms of reference for all committees
- Organisational structure chart(s)
- Financial Regulations and Procedures Manual(s), and Scheme of Delegation
- Other financial policy documents (e.g. treasury, fraud, whistle blowing, risk management, asset acquisition and disposal)
- Business Continuity / Disaster Recovery Plan
- The academies' funding agreements
- Memorandum of Association / Articles of Association
- Programme of internal system checks (e.g. Internal Audit plan)
- Letter of engagement confirming appointment of External Auditors
- Risk register
- Insurance certificate(s)
- Annual budget as approved by the governing body
- Management Accounts
- Declaration of Interests for staff and governors



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