



Education
Funding
Agency

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

Tel: 0370 000 2288
[efa-enquiry-form](#)

18 March 2016

Mr Guy Marson
Chair of Governors
Steiner Academy Frome
Park Road
Frome
Somerset
BA11 1EU

Financial notice to improve – Steiner Academy Frome

Dear Mr Marson

I am writing to you in your capacity as the Chair of Governors for Steiner Academy Frome (“the Trust”). As you are aware, the Trust has not submitted its audited financial statements and auditor’s management letter which were due on 31 December 2015. This is a formal requirement of the Trust’s Funding Agreement (FA).

Paragraph 2.2.14 of the Academies Financial Handbook (AFH) clearly states:

The academy trust must prepare an annual report and accounts, incorporating accounting policies approved by the board of trustees, and have them audited by a statutory auditor.

Failure to submit this return is therefore a breach of the AFH and the FA.

This letter and its annex serve as a written notice to improve financial management, control and governance at the Trust. It reflects the weak financial position of the Trust and continued concerns on governance and oversight of financial management and controls by the board.

The Trust is required, pursuant to the provisions of the AFH and the FA, 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 of the delegated authorities as identified in the AFH will be revoked, and all transactions by the Trust previously covered by these delegations (regardless of size) must come to the EFA for approval. These delegated authorities shall be returned to the Trust, providing that the terms 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 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. As a result of this breach of the AFH, and therefore also of the FA, the termination process in the FA may be triggered. Depending upon the severity of the breach, this may be considered a material breach of the terms of the FA and lead to termination.

I should be grateful if you would acknowledge receipt of this letter by email and within three working days of the date of this letter to [REDACTED].

I am copying this letter to Mr Trevor Mepham, Accounting Officer for the Trust and Sir David Carter, the Regional Schools Commissioner (RSC) for South West England (SW).

I look forward to hearing from you.

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: Mr Trevor Mepham (Accounting Officer)
Sir David Carter (RSC for SW)

Steiner Academy Frome**Summary**

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of Steiner Academy Frome ('the Trust'):
 - Failing to submit its audited financial statements and auditor's management letter to the EFA as required in the Academies Financial Handbook (AFH) paragraph 1.4.2.

Conditions

2. The Trust is required to strengthen its financial management and controls. Specifically this should include providing details of the current Trust governance structure by 4 April 2016 and to conduct an independent review of the financial management and controls. The Terms of Reference for the review and the CV of those selected to conduct the review should be agreed with the EFA no later than 29 April, to ensure that the necessary financial management and governance controls and procedures are in place. The terms will include, but are not limited to:
 - providing assurance to the EFA that the trustees (members and directors) have the skills, knowledge and experience to govern and run the Trust. The Trust must produce an action plan, which should be shared with the EFA, designed to respond to all issues raised in the review, clearly setting out whether the gap will be met through recruitment, training or other development activities
 - ensuring that proper mechanisms and arrangements are put in place by the Trust whereby they are able to hold the Accounting Officer and other members of the executive management team to account independently
 - ensuring that all governors are aware of their responsibilities as directors under the Companies Act and as trustees under Charity Commission guidance
 - ensuring that strong processes are in place for the Trust to monitor adequately financial performance and the financial risks to its operations
 - the review of the financial management and control arrangements needs to demonstrate and provide necessary assurance that financial governance arrangements within the Trust will be robust
3. This review of financial management and controls should be completed by 24 June 2016 and the findings of the review, draft and final, should be shared with the EFA, together with an action plan by 22 July 2016. This timeframe is intended to provide those conducting the review, the opportunity to observe governing body meetings and consider the operations of those meetings and make proper judgment of their effectiveness.
4. 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
- the Trust must satisfy the EFA that it is doing everything it can to rectify the weaknesses identified

5. The budget forecast return (BFR) return is due to the EFA by 31 July 2016. The 2015/16 audited accounts are due to the EFA by 31 December 2016.

Monitoring and progress

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

7. 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

8. Compliance with this Notice will be demonstrated when the EFA receives:

- audited financial statements with an unqualified audit opinion, by 31 December 2016
- an auditor's management letter which does not raise concerns by 31 December 2016

9. 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.