



## ESFA Investigation Outcome report

### Provider: Stephenson (MK) Trust

#### Background

Between March 2023 and May 2024 the Education and Skills Funding Agency (ESFA) investigated the following allegations relating to financial irregularity at Stephenson (MK) Trust, (Registered Office Milton Keynes):

- Spend on alcohol
- Spend on staff end of term and Christmas events including raffle prizes
- Spend on gift cards for staff attendance

#### Outcomes of the investigation

- The allegations raised were substantiated by the investigation.
- The ESFA investigation identified spend on alcohol between 2020 and 2022 for end of term and Christmas events for staff as well as for raffle prizes at those events in contravention of the Academy Trust Handbook.
- The ESFA investigation identified spend on summer end of term and Christmas events for staff between 2020 and 2022 in contravention of the Academy Trust Handbook.
- The ESFA investigation identified spend on gift cards to award staff for attendance between 2016 and 2022 in contravention of the Academy Trust Handbook.
- In total, the ESFA identified £27,975 of trust funds spent that were irregular. Approximately £25,700 of this was in the form of gift cards.

The following breaches of the Academy Trust Handbook (ATH) (formerly the Academy Financial Handbook (AFH)) were identified:

Framework	Breach	Issue
Non-compliance with mandatory AFH/ATH requirements:  AFH <a href="#">2016</a> to <a href="#">2020</a>	Sections:  2016-17 – 3.3.1	Novel, contentious and repercussive transactions:

Framework	Breach	Issue
ATH <a href="#">2021</a> to <a href="#">2022</a> :	2018 – 3.2.1 2019/20/21/22 – 5.5	5.5 - Novel, contentious and repercussive transactions were made without prior approval by the ESFA.
AFH <a href="#">2019</a> to <a href="#">2020</a>	Sections:  2.6  2.27, 2.28        5.5	Basic control principles:  2.6 – The Trust lacked sound internal control, risk management and assurance processes.  2.27, 2.28 - The Trust was unable to show that funds had been used as intended by Parliament    Novel, contentious and repercussive transactions  5.5 - Novel, contentious and repercussive transactions were made without prior approval by the ESFA.
ATH <a href="#">2021</a> to <a href="#">2022</a>	Sections:  2.6        2.35	Basic control principles:  2.6 – The Trust lacked sound internal control, risk management and assurance processes.    Purchase of alcohol:  2.35 – Trust funds were spent on alcohol.    Novel, contentious, and repercussive transactions:

Framework	Breach	Issue
ATH <a href="#">2021</a> to <a href="#">2022</a>	5.5	5.5 - Novel, contentious, and repercussive transactions were made without prior approval by the ESFA.

\*AFH/ATH non-compliance reported as per latest handbook when breaches occurred but were also included within previous versions. These are available at: [Archive Timeline - UK Government Web Archive \(nationalarchives.gov.uk\)](#)

## Action

The ESFA acknowledge that the Trust has taken action to ensure alcohol is no longer purchased and have ceased the practice of awarding staff with gift cards for their attendance.

The ESFA also acknowledge there has been changes in senior leadership within the trust since commencement of its investigation. ESFA and DfE Regions Group have worked closely with the trust to address issues of non-compliance with the ATH framework.

## Prevention

Upon the conclusion of the investigation, the ESFA undertook a prevention analysis exercise to establish what could have been done to prevent the breaches that were identified in the investigation.

Issue	Prevention
Novel, contentious and repercussive transactions	Trusts should include within existing guidance or create and implement a policy/procedure for novel contentious and repercussive transactions. Where trusts identify a novel, contentious and repercussive transaction, they must ensure that they make a referral to the ESFA / Department for Education for prior approval before the transaction occurs.

Issue	Prevention
Procurement and spending decisions/Procurement basics	Trusts should ensure that they have a robust policy for procurement. Trusts should ensure that their procurement is open, fair and transparent, delivers value for money for the trust and they should ensure that they have documentary evidence of the decisions that they have made and their rationale.
Basic control principles	Trusts must ensure that they have robust internal control, risk management and assurance processes in place. Trusts should ensure that they have clear procedures, appropriate day to day supervision by their Management Team, internal scrutiny overseen by their Audit and Risk Committee and an external audit function.
Spend on alcohol	Trusts should ensure that their financial/spending policy contains a section or line that outlines that trust funds must not be used to purchase alcohol.