AUDIT • TAX • ADVISORY

Academy Adviser

Newsletter

September 2019

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An independent member of bakertilly INTERNATIONAL

Welcome to our regular newsletter for Academies and Free Schools

In this edition we cover:

- 2019 Academies Financial Handbook
- 2018 - 2019 Academies Accounts Direction
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- Pension grant methodology
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Academy Update

Welcome to our latest edition of Academy Advisor, which highlights the changes issued in the latest Academies Financial Handbook as well as a number of other important updates you should be aware of....

As pupils return after the summer, School Business Managers and Auditors have their minds firmly set on preparing for the upcoming audit season.

After another challenging year for schools, it is worth reflecting on the enormous strides the Academy sector has made since the Academies Act of 2010. Half of all children are now taught in an academy school and the Government's ambition is that all schools should become academies over the next 10 years.

Whilst academies benefit from increased autonomy, the ESFA are aware that many boards are still adjusting to the additional rigor expected of them, when compared to what was expected as a local authority school. It is worth emphasising, that your regular advisor is always on hand to advise you and support you throughout the year and we would urge you to get in touch if you would like to discuss any concerns.

As I am sure you are aware, the Academies Financial Handbook (AFH) was finally published on 27th June 2019, replacing AFH2018 and will be effective from 1st September 2019.

It emphasises the importance of robust governance and effective internal controls and system checking. It also includes advice on whistleblowing procedures and supporting staff to report concerns in confidence. Another key focus area is that of excessive pay, with further guidance on the role governing bodies should play to ensure that the pay of senior staff reflects their responsibilities, but is not excessive.

We hope you find this edition useful and informative and if you have any questions, please do not hesitate to get in touch with your local office.

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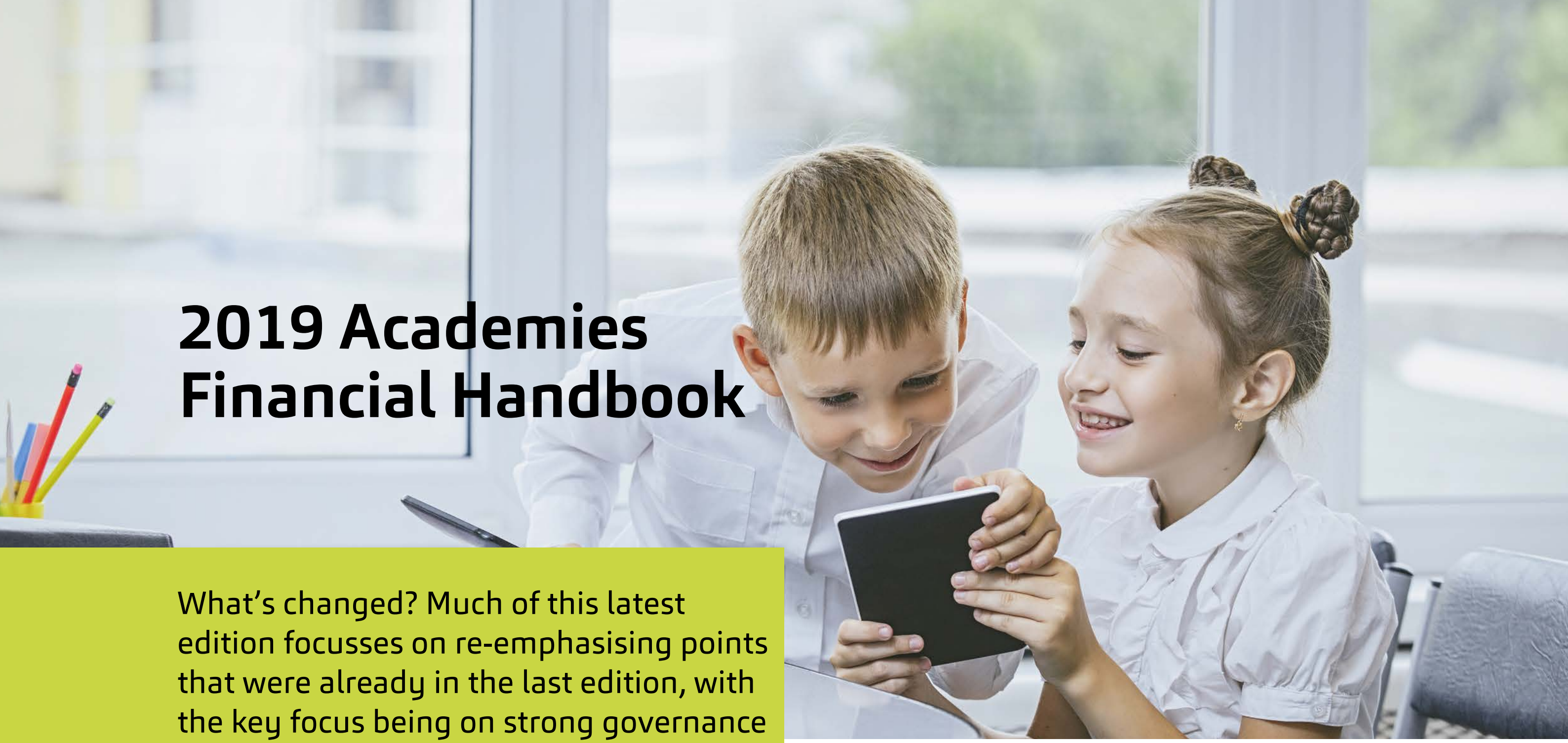
2019 Academies Financial Handbook



What's changed? Much of this latest edition focusses on re-emphasising points that were already in the last edition, with the key focus being on strong governance and financial controls, internal scrutiny, excessive pay and whistleblowing procedures. Each of the changes are summarised here ....

Trustees emphasis on robust governance [1.11]

Trustees must apply the highest standards of conduct to ensure robust governance. They should follow the features of effective governance, described in the Governance Handbook, which are:

- strategic leadership that sets and champions vision, ethos and strategy
- accountability that drives up educational standards and financial performance
- people with the right skills, experience, qualities and capacity
- structures that reinforce clearly defined roles and responsibilities
- compliance with statutory and contractual requirements
- evaluation of governance to monitor and improve its quality and impact

The Clerk to the board [1.38]

The academy trust should appoint a clerk to support the board of trustees, who is not a trustee, principal or chief executive of the trust. The clerk can provide administrative and organisational support as well as guidance on the legal and regulatory framework and advice on procedural matters relating to the operation of the board.

Good estates management [2.14]

- Boards should refer to the DfE's material on improving school resource management including the top 10 planning checks for governors. To help manage capital assets and budgets they should refer to the Good estates management for schools guidance including the organisation self-assessment tool, top 10 estate checks for boards and material on strategic estate management.
- Resources to help with financial planning and resource management, include: financial benchmarking and school resource management self-assessment.

Management Accounts (requirements) [2.18, 2.21, and 2.23]

- Trusts **must** prepare management accounts every month setting out its financial performance and position. They **must** include an income and expenditure account, variation to budget report, cash flows and balance sheet and managers must take appropriate action to ensure ongoing viability. The board should ensure it has adequate financial skills to act quickly should there be concerns about financial performance.

We focus on Going Concern on page 14.

Executive pay and benefits [2.30 and 2.31]

The board of trustees **must** ensure its decisions about levels of executive pay (including salary and any other benefits) follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual can be involved in deciding their remuneration.

The board **must** discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable, including:

- process – that the procedure for determining executive pay and benefits, and keeping them proportionate, is agreed by the board in advance and documented
- independence – decisions about executive pay and benefits reflect independent and objective scrutiny by the board and that conflicts of interest are avoided
- robust decision-making – factors in determining pay and benefits are clear, including whether educational and financial performance considerations, and the degree of challenge in the role, have been taken into account
- proportionality – pay and benefits represent good value for money and are defensible relative to the public sector market
- commercial interests – ensuring the board is sighted on broader business interests held by senior executives, and is satisfied that any payments made by the trust to executives in relation to such interests do not undermine the transparency requirements for disclosing pay in accordance with the Academies Accounts Direction
- documentation – the rationale behind the decision-making process, including whether the level of pay and benefits reflects value for money, is recorded and retained
- a basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term
- understanding that inappropriate pay and benefits can be challenged by ESFA, particularly in instances of poor financial management of the trust.

Gender pay gap reporting [2.32]

The trust is reminded of requirements under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 for organisations with 250 or more employees to publish information on their website and on the government's reporting website about the gender pay gap in their organisation.

This requirement covers to year 31 March.

Senior employees on payroll [2.33]

The academy trust **must** ensure its senior employees' payroll arrangements fully meet their tax obligations and comply with HM Treasury's guidance explained in HMRC's Review of the Tax Arrangements of Public Sector Appointees. Senior managers with significant financial responsibilities should be exclusively on payroll, and therefore subject to PAYE with income tax and NI contributions deducted at source.

Mandating a risk register [2.36]

- Academy Trusts **must** manage risks to ensure its effective operation and **must** maintain a risk register.

Whistleblowing [2.41 to 2.46]

- The academy trust **must** have procedures for whistleblowing, agreed by trustees, to protect staff who report individuals they believe are doing something wrong or illegal and all concerns raised **must** be responded to properly and fairly. At least one trustee and one member of staff should be the point of contact for staff to report concerns to.
- The trust **must** ensure all staff are aware of the whistleblowing process, and how concerns will be managed. Staff should know what protection is available to them if they report someone, what areas of malpractice or wrongdoing are covered in the trust's whistleblowing procedure, and who they can approach to report a concern.

Further advice is available at:

- whistleblowing for employees, including a definition of whistleblowing
- school complaints and whistleblowing, including how ESFA handles complaints about academies

Notifying the Department of information about key individuals, including contact details for all members and trustees [2.51 to 2.55]

- The trust **must** notify ESFA of changes to the governance information (within 14 calendar days of the change), through the governance section of DfE's Get information about schools (GIAS) register, accessed via DfE Sign-in.
- All fields specified in GIAS for the individuals **must** be completed and the trust **must** ensure its record in GIAS for the individuals is kept up to date.
- The records required in GIAS for the trust are: members, chair of trustees, all other trustees, accounting officer and chief financial officer, and include direct contact details for all.
- The records required in GIAS for constituent academies in a multi-academy trust are: Headteacher (including direct contact details), chairs of local governing bodies (where adopted), including direct contact details and local governors (where adopted).

Internal scrutiny, the role of the audit committee and a new annual internal scrutiny report [3.1 – 3.22 and 1.17

- All academy trusts **must** have a programme of internal scrutiny to provide independent assurance to the board that its financial and others controls, and risk management procedures, are operating effectively and it **must** keep its approach under review to ensure its approach remains suitable should it change in size, complexity or risk profile. The programme of internal scrutiny should focus on:
    - **evaluating** the suitability of, and level of compliance with, financial and other controls.
    - **offering advice and insight** to the board on how to address weaknesses in financial and other controls.
    - **ensuring all categories of risk** are being adequately identified, reported and managed.
- The trust **must** identify on a risk-basis the areas it will review each year, modifying its checks accordingly, taking account of output from other assurance procedures, such as recommendations from external auditors to inform the programme of work.
- Independence in internal scrutiny **must** be achieved by establishing appropriate reporting lines whereby those carrying out checks report directly to a committee of the board, which in turn provides assurance to the trustees.
- The academy trust **must** establish an audit committee, appointed by the board who meet at least three times a year. Those with an annual income over £50 million **must** have a dedicated audit committee, while other trusts **must** either have a dedicated audit committee or combine it with another committee.
- The audit committee's role **must** include directing the trust's programme of internal scrutiny and reporting to the board on the adequacy of the trust's financial and other controls and its management of risks.

- Employees of the trust should not be audit committee members and the chair of trustees should not be chair of the audit committee. Where the audit committee is combined with another committee, employees should not participate as members when audit matters are discussed.
- The committee **must** have written terms of reference describing its remit and agree a programme (informed by the risk register) of work annually to deliver internal scrutiny that provides coverage across the year. It should agree who will perform the work, consider reports at each meeting from those carrying out the programme of work and consider progress in addressing recommendations. It should consider outputs from other assurance activities by third parties including ESFA financial management and governance reviews, funding audits and investigations. They should also have access to the external auditor as well as those carrying out internal scrutiny and consider their quality.
- In MATs, the committee's oversight **must** extend to the financial and other controls and risks at constituent academies.
- Oversight **must** ensure information submitted to DfE and ESFA that affects funding, is accurate and in compliance with funding criteria.
- Internal scrutiny **must** be independent and objective, conducted by someone suitably qualified and experienced and be covered by a scheme of work, driven and agreed by the audit committee, and informed by risk. The programme of work should be spread appropriately over the year and include regular updates to the audit committee and findings **must** be made available to all trustees promptly.
- The trust **must** deliver internal scrutiny in the way most appropriate to its circumstances. Options (which may be combined if appropriate) include employing an in-house internal auditor, via bought-in internal audit service, by the appointment of a non-employed trustee or via a peer review by a member of the finance team from another academy trust with a good standard of financial management and governance.
- The trust **must** confirm in its governance statement, accompanying its annual accounts, which of the internal scrutiny options it has applied and why. The outcome of the work **must** also inform the accounting officer's statement of regularity in the annual accounts.
- **New:** The trust **must** submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions to ESFA by 31 December each year when it submits its audited annual accounts. The trust must also provide ESFA with any other internal scrutiny reports if requested.

  The first summary report is required by 31 December 2020.

  In the interim, pending submission of the annual report next year, trusts are required to send ESFA their most recent internal scrutiny findings by 31 December 2019 alongside the annual accounts. For example, this could be a report for the last term, quarter, month or other period dependent upon the approach adopted in your trust, or for the full year. Guidance on how to send this will be published in October.

Audited Accounts to be provided to members [4.4]

- The audited accounts must be submitted to ESFA by 31 December and published on the trust's website by 31 January. They must be filed with Companies House under company law, usually by 31 May and be provided to every member (under the Companies Act) and to anyone who requests a copy.

ESFA approval for certain financial transactions [5.1]

- The academy trust has autonomy over financial transactions arising in the normal course of business. However, some transactions have delegated authority limits beyond which trusts **must** obtain prior ESFA approval. A schedule of delegated authorities is at section 5.64 of the AFH. Trusts **must** ensure they are familiar with these requirements and ESFA may intervene where trusts do not seek the required ESFA approval in advance.

Reporting and approval of related party transactions [5.40 – 5.43]

Trusts **must** report all contracts and other agreements made on or after 1 April 2019 with related parties to ESFA in advance of the contract or agreement commencing.

- Trusts **must** obtain ESFA's prior approval, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:
  - a contract or other agreement exceeding £20,000
  - a contract or other agreement of any value that would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £20,000 in the same financial year ending 31 August

  For the purposes of reporting to, and approval by, ESFA contracts and agreements with related parties do not include salaries and other payments made by the trust to a person under a contract of employment through the trust's payroll.

- Novel, contentious and/or repercussive related party transactions are subject to separate arrangements whereby trusts **must** obtain ESFA's prior approval regardless of value. (Approval **must** be sought using ESFA's enquiry form).

Requirements for trusts under financial notice to improve, to publish details on their website [6.15]

- Where a trust is subject to a Financial Notice to Improve (FNtI), it must publish the FNtI on its website within 14 days of it being issued, and retain it on the website until the FNtI is lifted by ESFA.

Intervention by the Secretary of State where there are concerns about an individual managing an academy trust [6.19 – 6.23]

Secretary of State directions

- Where the Secretary of State has concerns about an individual managing an academy trust, he may take action to address those concerns.
- Subject to the relevant provisions being present in the trust's funding agreement, the Secretary of State can require the trust to remove a member or trustee. This can include where the individual has been convicted, cautioned or engaged in relevant conduct and, as a result, the Secretary of State considers them unsuitable to take part in management of the academy trust.
- The Secretary of State can also make directions under section 128 of the Education and Skills Act 2008 prohibiting individuals from taking part in academy trust management. This could prevent an individual from acting as a member, trustee or executive leader of a trust. The circumstances are prescribed in regulations but can include where the individual is subject to a caution or conviction or has engaged in relevant conduct, and the Secretary of State considers that because of that caution, conviction or conduct that individual is unsuitable to take part in management of a school.

ESFA work with the Charity Commission

- Where there is a concern, ESFA may refer trusts to the Charity Commission, reflecting the Commission's interest in addressing non-compliance with legal or regulatory requirements or misconduct or mismanagement in the administration of any charity, and in ensuring individuals running the charity (in particular, but not limited to, the trustees) do so in compliance with their legal duties. The Commission may use its regulatory powers as described in its Memorandum of Understanding with DfE.

ESFA work with the Insolvency Service

- ESFA may refer academy trustees, as directors, to the Insolvency Service who may consider whether the conduct of a director is such that they are unfit to be involved in management of a company and whether or not it would be in the public interest for a disqualification order to be sought.

If you would like further advice about any of the changes in this latest version of the AFH, please contact your local advisor.

2018-2019 Academies Accounts Direction (AAD)

So what's new? There are 16 main changes from the previous version, including 1 information point, 5 disclosure amendments, 5 requirements and 5 clarifications. Academies will be preparing their accounts for the year ended 31 August 2019 over the next few weeks, and should be aware of the key changes in the 2018-19 AAD:

Information point:

1. The Model Annual Report (trustees' Report) and Accounts have been moved to the back (Annex A & B) from page 84 onwards.

Disclosure amendments:

1. No requirement for DATE of payment for non-statutory / non-contractual staff severance payments to be disclosed. (page 118)
2. Removed detailed funds note showing current and prior year combined (page 124/126)
3. Teachers Pension Scheme (TPS) note updated for employer National Insurance Contributions (ER NIC) rates increase from 01 Sept 2019
4. Revising fixed asset categories in line with Sector Annual Report & Accounts (SARA) (page 121)
5. Include disclosure of prior year position for agency arrangements, events reporting period and contingent liabilities (with current year update) (pages 134, 137, 128)

Requirements

1. Send copy of statutory accounts to: every member and every person entitled to receive the Notice of Annual General Meeting (AGM)
2. Include SORP Update Bulletin 2 Section 3 reference for income recognition of donations to Trust from subsidiary only if legal obligation exists (i.e. need covenant agreement in place).
3. New Related Party Transaction requirements from 01 April 2019 to report transactions to ESFA, obtain Approval and include confirmation in RPT note (page 134)
4. Name statements in Audit Report (page 101)
5. Additional areas for testing governance by Auditors to support Regularity opinion (page 152)

Clarifications

1. Accounting policy on depreciation means considering each components useful economic life (e.g. boiler, lift, roof)
2. Parliament's Local Government Pension Scheme (LGPS) guarantee relates to a Trust, not individual schools
3. Grants for capital purposes must be spent in line with the terms and conditions of the grant
4. If a Trust wishes to recognise use of premises given rent free for remaining notice period, should reflect future notional donation as a debtor and corresponding entry for rental expense (page 67)
5. Irregular expenditure includes ALL alcohol purchased, including that purchased from unrestricted funds (page 140)

   Where the sale of alcohol supports fundraising events such as fetes, the Parent Teachers Association (PTA) should be asked to purchase the alcohol, and donate to the Academy Trust.

Teachers' pay grant (Apr19-Mar20)

The Secretary of State for Education is providing financial assistance to Academies in the form of the teachers' pay grant (TPG) for the year beginning 1 September 2018.

The TPG provides funding for schools to support the teacher pay award that came into effect on 1 September 2018. The teachers' pay grant is worth £187m in 2018 to 2019 (to cover the 7 months between Sept 18 and Mar 19) and £321m in 2019 to 2020 (to cover the full 12 month period).

The rate has been calculated to provide a per-pupil rate, based on the overall annual pay bill including pensions and NI excluding the 1% that schools would have been planning for, in line with the previous public sector pay cap. It has been divided between primary, secondary and special schools, taking into account, for example, that special schools generally spend more on staff per pupil and has applied an Area Cost Adjustment (ACA), to account for higher teacher wages in London.

Grants will be provided for academies directly from ESFA and do not have to be spent in the financial year beginning 1 April 2019 and may be carried forward to future financial years.

Full details of the conditions of grant can be found here:

https://www.gov.uk/government/publications/teachers-pay-grant-2018-to-2019-financial-year-allocations/teachers-pay-grant-2018-to-2019-conditions-of-grant

Remember to include the Pay Grant in your budget for 2019/20.

Rates for each type of school (£)

Type of provision	Inner London		Outer London		London Fringe		Rest of England	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Primary	21.12	36.26	19.54	33.55	18.29	34.40	17.76	30.48
Secondary	31.57	54.20	29.20	50.15	27.34	46.94	26.54	45.56
Special	78.10	134.97	72.25	124.87	67.64	116.89	65.65	113.46

Pension grant methodology

To meet the increase in employer contributions to the Teachers' Pension Scheme (TPS) from 16.4% to 23.6% from September 2019 the government will be providing a grant for academies and free schools, allocated based on a per-pupil formula. Schools will also be able to apply for a supplementary fund if their grant allocation falls short of their actual pension cost increase between September 2019 and March 2020 by more than 0.05% of their overall budget for this period.

ESFA will make payments covering September 2019 through to March 2020 to academies in early November 2019, and further payment will be made in Spring 202 to cover April - August 2020.

How the rates have been determined:

The government calculates that this increase will cost schools £848m. £22m has been allocated to the Supplementary Fund, with the remaining amount divided between primary, secondary, special and local authority centrally employed teachers based on the size of the teacher wage bill for each sector, with an Area Cost Adjustment (ACA), to account for higher teacher wages in London.

Further detailed guidance will be provided in October 2019.

Rates in 2019-20 per pupil for each type of school (£), for seven month period

Type of provision	Inner London	Outer London	London Fringe	Rest of England
Primary	92.20	85.29	79.85	77.50
Secondary	135.71	125.55	117.53	114.08
Special	336.53	311.33	291.44	282.89

Calculating your funding

For all schools to calculate the funding for the 7 month period from September 2019 to March 2020, take the relevant rate, and multiply it by the pupil numbers.

Example:
For a Wiltshire primary school with 300 pupils the calculation would be: £77.50 x 300 pupils = £23,250

For academies to calculate the funding for the 5 month period from April 2020 to August 2020, take the same rate, multiply it by 5 and then divide by 7. This will give you the 5 month rate from the 7 month rate provided in the table. Then multiply the rate by the pupil numbers to get the amount.

Example:
For a Wiltshire primary school with 300 pupils the calculation would be: £77.50 x 5/7 x 300 pupils = £16,607

Guidance on Academy Trust Finances

Governance of Academy Trusts remains a high priority and the ESFA have introduced a new requirement that trusts must submit an independently prepared annual report by 31 December 2020 to show how they have checked that their internal systems are effective and compliant.

With the AFH providing further guidance on the role and responsibilities of governing bodies, the ESFA are aware that many academy trust boards are still adjusting to the additional rigour expected of them, when compared to what was expected as a local authority school.

We are required to summarise the opinions and conclusions on significant issues arising from the audit in our Management Letter as well as flag issues that have the potential to develop into significant problems in the future. We will also provide guidance for getting to grips with any issues or weaknesses early, before there is a risk of irregularity or impropriety.

The Management Letter is used to inform the assessment of the quality of governance and control frameworks in trusts and ESFA consider all points raised along with the volume and nature of adjusted and unadjusted errors that we report. They are particularly concerned where issues raised in one year, remain unresolved the following year.

In order to avoid any failings going onto the public record, we strongly recommend you raise any concerns with us at the earliest opportunity and if need be, consider an interim audit review to allow the senior leadership time to resolve any issues before the accounts must be signed.

ESFA Academy better financial reporting programme

Recognizing that the current system of submitting financial data is time consuming, the ESFA have been working with academies and software providers to develop a "better financial reporting programme" to improve the existing end-to-end process for financial reporting by academy trusts, through automated systems for data collection.

It is anticipated that the automated data collection solution will allow trusts to upload trial balance data directly from their financial management systems, which will pre-populate financial returns wherever possible. ESFA estimate that 50% - 75% of data they require can be automated, saving a significant amount of time on data entry. The function would be on a 'push' basis, rather than ESFA 'pulling' data directly from your systems, ensuring data is only shared once you choose to.

To transfer this data in a consistent way, ESFA have developed a standard chart of accounts to enable automation, that is also detailed enough for trusts to use for their own internal reporting requirements.

Adopting the new chart of accounts will be voluntary but could potentially lead to efficiencies and enable trusts to access enhanced benchmarking and efficiency metrics.

ESFA will be testing the systems with a handful of trusts and auditors over the autumn and we expect that trusts will be required to transfer to the standard chart of accounts from September 2020 or later. If trusts are thinking about changing accounting systems, we would recommend using the new chart of accounts.

We are always on hand to advise you and support you throughout the year and would urge you to get in touch if you would like to discuss this area in more detail.

School Resource Management - Self Assessment Tool

Many Academies may have already used the School Resource Management Self Assessment Tool (SRMSAT) on the the ESFA website on a voluntary basis since its launch last year, however from Autumn 2019, ESFA will require all trusts to submit the completed checklist to them by 14 November 2019.

The SRMSAT is designed to reassure trusts that they are managing resources effectively and to identify any adjustments they need to make. It will need to be completed annually and the ESFA will be contacting Trusts about this requirement shortly.

The checklist questionnaire currently contains 28 questions covering:

- Governance
- Trust Strategy
- Setting the Annual Budget
- Staffing
- Value for Money
- Protecting Public Money and
- Self–assessment dashboard

The dashboard will not need to be submitted to ESFA , but will need to be completed and considered in order to answer the checklist.

Trusts should plan time to complete and consider the results of the SRMSAT in readiness for submission by 14 November 2019.

Lord Agnew's speech at the Festival of Education

Lord Agnew spoke at the Festival of Education on 20 June 2019 on behalf of Education Secretary Damian Hinds.

Focusing on a great education system, geared towards tackling the long term challenges our country faces, such as increasing productivity in the working population and improving social mobility, he spoke about meeting those challenges by raising educational standards through school autonomy and trusted leaders running schools. He spoke about reducing the workload of teachers, improving training and development, expanding flexible working and reforming teacher pay to support recruitment and retention.

He reiterated the Secretary of State's promise that he would back teachers to have the resources they need and would make the strongest possible case for investment in our schools and colleges, adding that "we must find ways to work with heads and principals to support schools in making every pound count in the classroom."

He also stated the government's ambition for the vast majority of schools to become academies and join strong academy chains over the next 10 years, highlighting that 50% of pupils are now taught in academies.

To achieve this, he confirmed that they will shortly be announcing a fund that will increase the capacity of academy trusts to grow partnerships that support the development of teachers and leaders and the education of children. The fund will support smaller school trusts that wish to merge into existing or new academy groups, and provide academy trusts with funding to meet the challenges they face as they grow.

Operating as a going concern

Going concern is an accounting term for a company that has the resources needed to continue operating and remain viable in the foreseeable future. A business with a strong balance sheet and adequate reserves will have sufficient funds to meet its obligations, such as payroll and trade creditors.

The Academies Accounts Direction requires academies to produce a statement confirming its ability to continue operating as a going concern and disclose any financial uncertainties it is aware of. As Academy Trusts have a long-term funding agreement with the Secretary of State, income is considered very secure, however questions regarding short-term viability can still arise in cases of poor cash-flow management that results in insufficient liquid reserves being on hand to meet a payroll run ahead of the receipt of the monthly GAG payment. A going concern qualification on an Academy Trusts accounts would be considered a very serious matter and a cause for intervention by the ESFA.

It is also important to note, that an audit opinion on Going Concern does not take into consideration longer term financial issues that may indicate future financial difficulties over a 3 – 5 year period.

Academy trustees are therefore subject to a combined duty to consider going concern alongside longer term financial planning as an integral part of their budget-monitoring cycle and need to assess the future viability of the academy trust in greater depth and for a longer period than that considered by the external auditor.

The AFH stipulates that management accounts must be shared with the chair of academy trustees every month and all trustees six times a year to discharge their responsibilities and ensure strong governance and effective financial management arrangements. The volume and depth of financial information provided to both the accounting officer and the board will vary significantly depending on the size of the academy trust and the relative complexity of its organisational structure, but the important point to note is that the information received is accurate, relevant, timely and adequately challenged.

An example of financial challenge issues for Trustees to consider

Short term (going concern)	**Long term (financial sustainability)**
Is the current year budget in deficit and, if so, how satisfied are you that steps are in place to recover the situation before reserves are exhausted?	What skills does the board have in relation to strategic financial management? What training is undertaken? How does the board ensure it remains up to date on financial issues?
Have we forgotten anything that would increase our outgoings, e.g. rises in TPS employer con-tribution rates, a rise in NI, the Apprenticeship Levy, etc.?	Do academy trustees understand the financial information they are looking at and how it has been derived? Is there consistency in reports to allow appropriate analysis for trends?
Does the budget for the current year break down into a monthly analysis of all incomings and outgoings?	What benchmarking has the academy trust undertaken both internally, year on year and with other similar schools and academies?
Is there an analysis of academy trust creditors which demonstrates an understanding of when each obligation will need to be met?	Does the academy trust have a clear budget forecast, ideally for the next 3 or 5 years, identifying spending priorities and risks and sets how these will be mitigated?

A comprehensive list of financial challenge issues for Trustees to consider is available here:
https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/operating-an-academy-trust-as-a-going-concern

We can work with you to ensure you are meeting all of your financial obligations and addressing future challenges before they become an issue. Please get in touch if you have any concerns you would like to discuss.

Timetable for upcoming submissions

Description	Deadline
Audited End of Year Certificate (EOYC) for Teachers Pensions	30 September
Academies land and building collection tool (LBCT)	4 November
School Resource Management Self Assessment Tool (SRMSAT) Checklist	14 November
2018 - 2019 Financial statements, auditor's management letter and accounts submission coversheet	31 December
Internal Scrutiny Report	31 December
2018 - 2019 Academies Accounts Return (AAR)	20 January
Publish audited financial statements on website	31 January

The ESFA will publish the list of Trusts who do not submit two or more of the above returns on time on GOV.UK

Bath

Lennox House
3 Pierrepont Street
Bath
BA1 1LB

01225 472 800

Chippenham

14a Forest Gate
Pewsham
Chippenham
SN15 3RS

01249 766 966

Frome

Frome Market, Unit 11
Frome
BA11 2QB

01373 830 955

Glastonbury

3 Landmark House
Wirral Park Road
Glastonbury
BA6 9FR

01458 836 810

Melksham

5 King Street
Melksham
Wiltshire
SN12 6HB

01225 790 029

Swindon

38-42 Newport Street
Swindon
Wiltshire
SN1 3DR

01793 818 300

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01823 462 400

Trowbridge

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Court Street
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BA14 8FA

01225 785 520