

Academy Finance

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CLIVE OWEN LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISERS

Clive Owen LLP

- * Established 1983
- * Worked with Academies for 12 years
- * Sponsored – converter – sponsored
- * Clients include free schools and UTC's
- * Act for 42 Academy Trusts including 80 schools (Academies)
- * 3 Partners, 2 managers and 9 on site teams
- * Member of EFA auditors forum
- * Member of Kreston
- * Speak at Schools NE and NASBM events

Academy Freedoms

- * Curriculum
- * Term times
- * Set pay and conditions
- * Admissions

Other

- * Capital bids

Free From?

- * Local Authority
- * Central Government
 - * EFA
 - * Academies Accounts Direction (AAD)
 - * Academies Financial Handbook (AFH)
 - * National Audit Office (NAO)
 - * HMRC
 - * VAT
 - * Corporation tax

Financial Change

- * Employer Teachers Pension (TPS) increase from 14.1% to 16.4%
- * Employer National Insurance (NI) increase from 10.4% to 13.8%
- * Education Services Grant (£600m cut?)

Total cost increases - 8% to 10% in life time of this parliament?

- * National funding formula change?
- * Future employer TPS increases?

Funding Streams

- * General Annual Grant (GAG)
- * Education Services Grant (ESG)
- * Pupil Premium
- * Capital
 - * Devolved Formula Capital (DFC)
 - * Conditional Improvement Fund (CIF)
 - * School Condition Allocation (SCA)

Other Income Streams

- * MUGA
- * ICT
- * PAT
- * Catering
- * Grounds maintenance
- * Pupil led company
- * Donations (Gift Aid)
- * Capital – CIF/SCA

Conversion Process

Financial assistance required

- * Finance team – training/staffing/contracts
- * Accounting system
- * Accounts nominal structure
- * Trading subsidiary required?
- * VAT return or S126
- * Choose payroll provider
- * Accounting policies
- * Risk register

Conversion Process Continued...

- * Bank account
- * LGPS valuation/rate
- * Complete own asset inventory
- * Conditional asset inspection
- * Asset renewal policy
- * Consider insurance or Risk Protection Arrangement (RPA)
- * Governor skills audit
- * Review leases/contracts to be transferred

Financial Work Post Conversion

- * Submission of budget
(31st July or 6 weeks from final funding letter – whichever is later)
- * Obtain land and building valuation (within 6 weeks)
- * Prepare Financial Management and Governance Self assessment (FMGS) (within 4 months)
- * Internal Assurance visits (RAG rating) – 3 per annum
- * Teacher pension scheme audits (to 5th April)
- * Year end audit (to 31st August)

Year End (31/8)

Preparation of financial statements, which include;

- * Trustees report
- * Governance statement
- * Statement of regularity, property and compliance
- * Statement of trustees responsibilities
- * Auditors report and financial statement
- * Assurance report of regularity
- * Statement of Financial Activities (SOFA)
- * Balance sheet
- * Cash flow statement

Similar to a charity set of financial statements

Academies Account Direction (AAD)

Year End

- * Audit of the financial statement (31/12)
- * Audit of the Academies Annual Return (AAR) (31/1)
- * Management pack
 - * Risk areas
 - * Control issues
 - * Materiality
 - * Draft letters of representation
 - * Adjusted and unadjusted errors

Multi Academy Trust

- * Governance
- * Scheme of delegation
- * Centralised or separate finance departments
- * Shared support – Finance/HR/Premises
- * Joint procurement
- * SCA

MAT v SAT Overhead Comparison

	Primary Only MAT	Primary School
Education cost	£213	£235
Heat & light	£54	£59
Insurance	£66	£64
Catering	£143	£196
Management & admin	£422	£484
Total	£898	£1,043

Secondary schools – Less difference

Due Diligence

- * By the school joining the MAT
- * By the MAT on the School wanting to join

Due diligence needs to include financial as well as educational

- * Surplus/deficits in the future
- * Reserves/balance to transfer
- * Governance structure
- * If a new converter – LGPS Contributions (43.3%)

THANK YOU

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