



POST CONVERSION THE FIRST YEAR AND WHAT TO EXPECT?

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WORKSHOP AIMS

- To give an insight into how your first year may look
- A look at additional responsibilities
- A look at the statutory reporting requirements
- Top Tips
- Where to find help and support



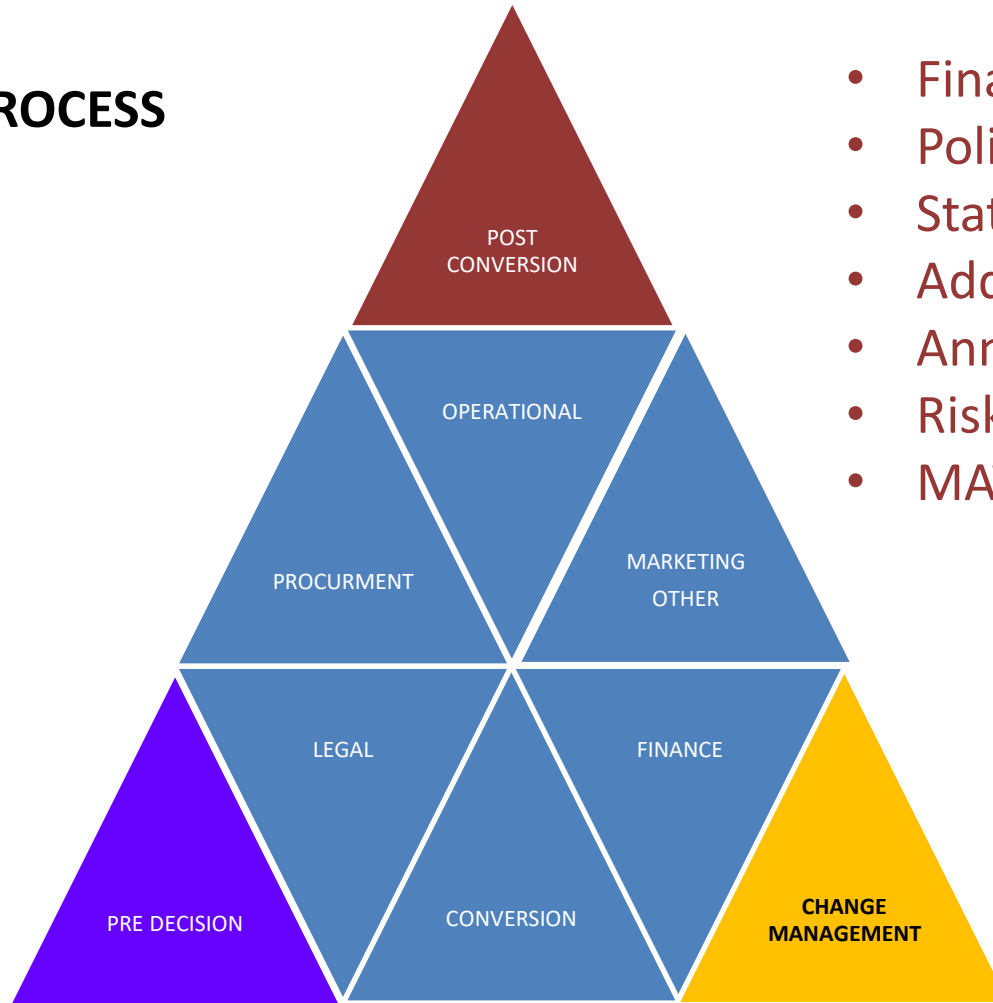
DAY 1



REALITY CHECK



CONVERSION PROCESS



- Finance systems
- Policies and procedures
- Statutory reporting
- Additional responsibilities
- Annual accounts and audits
- Risk management
- MAT development

IMPORTANT

You have just converted

DID YOU

- Make sure you were covered by insurance from midnight?
- Re-register with ICO?
- Re-register with examining bodies?



LESS URGENT BUT STILL IMPORTANT

- Create a website (for new MATs)
 - Upload legal documentation
 - Structure of governance
 - Member and Trustee details
 - Business interest declarations
- Amend signage outside the school
- Amend stationery
- Send novation letters to suppliers



EFA – KEY TASKS FOLLOWING CONVERSION

Within 14 days of opening	Activate your DfE Secure Access and add up to 6 users in your school
Within 28 days of opening	Provide contact information using governance section of Edubase, including Chair of Trustees, AO, CFO and all members and trustees
Within 6 weeks of opening	Complete and submit land and buildings valuations information form
	Apply to Land Registry for a restriction to be placed on the land as outlined in your funding agreement
Within 6 weeks of receiving your final funding letter	Submit your budget forecast using the online form
Within 4 months of opening	Submit your FMGS using the online form
	Finalise closing balance with LA
	Submit your support grant expenditure certificate signed by your Chair of Governors



EFA SUPPORT

Online training videos and webinars

<https://registration.livegroup.co.uk/efa/>

Help

[Email: academy.questions@education.gsi.gov.uk](mailto:academy.questions@education.gsi.gov.uk)

Complaints procedures

<https://www.gov.uk/government/publications/setting-up-an-academies-complaints-procedure/putting-in-place-a-complaints-procedure>

Information for new academies

<https://www.gov.uk/guidance/information-for-new-academies>



SO ARE YOU READY FOR THE CONSEQUENCES?

- Additional responsibilities
 - For Governors
 - For support staff – increased capacity and financial expertise needed
- Complete change in reporting requirements
- Greater scrutiny
- Additional workload
- Real money – cash flow
- VAT
- Risk management
- New relationships



POST CONVERSION

- Creation of visions and values documentation (if not done before conversion!)
- MAT development plans
- Embedding new policies and procedures
- Closure of old school accounts
- Statutory returns
 - FMGE
 - Budget Forecast
 - NNDR
 - Land Valuations
- Review of all policies
- Changes to way local authority communicates with you and the way information is uploaded for census' and local authority returns
- Pension queries will come out of the woodwork



POST CONVERSION

- Asset Management:
 - valuation
 - Assessment
 - upkeep
- Risk Management
 - Risk Register
 - Business Continuity Plans
- Marketing
 - Website changes
 - re-branding opportunity
- IT
 - Systems
 - Information distribution



CHANGE MANAGEMENT — YOUR ROLE

- Continues after conversion
 - Finance staff
 - Headteachers and Governors
 - Leadership groups
 - Budget holders/teaching staff
- Financial year end/budgeting changes
- Capital funding changes

Working practices will evolve and develop over time



CLOSURE OF SCHOOL ACCOUNTS WITH LA

- EFA allows 4 months for the process to be completed
- Cash flow issues
- Distinct cut off for payment of invoices – remember you are a new legal entity
- The more up to date you are on conversion the easier the reconciliation process will be
- Agreement of balance between LA and governing body – written acceptance
- Funds transferred into new academy bank account and must be recorded appropriately in accounts

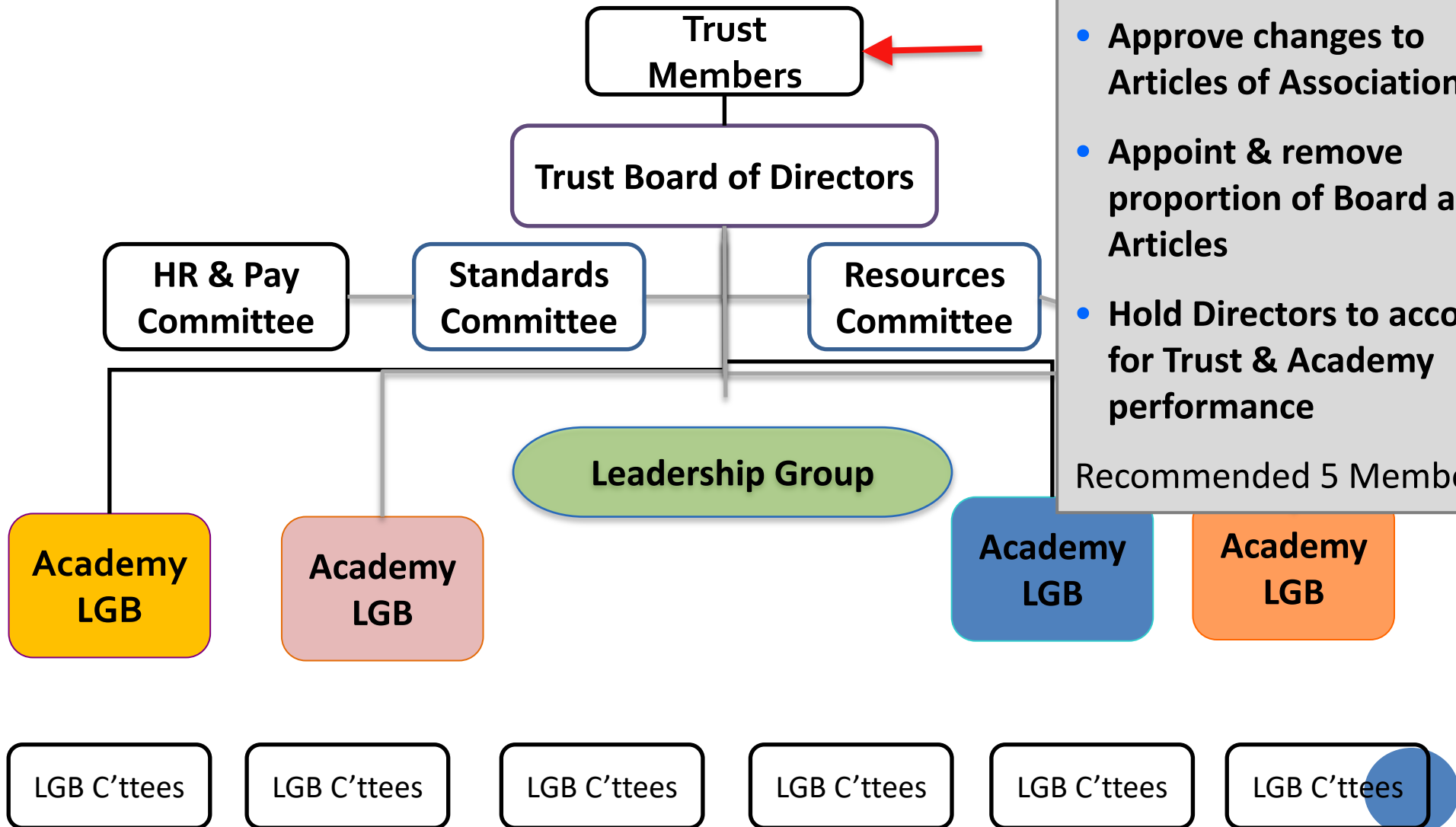


ROLES AND RESPONSIBILITIES

- Members
- Governors/Trustees/Directors
 - Finance
 - Risk Management
 - Health and Safety
- CEO
- Executive Headteacher
- Leadership group
- Accounting Officer
- Chief Financial Officer/Trust Business Manager
- Auditors
- Finance team



ROLE OF MEMBERS



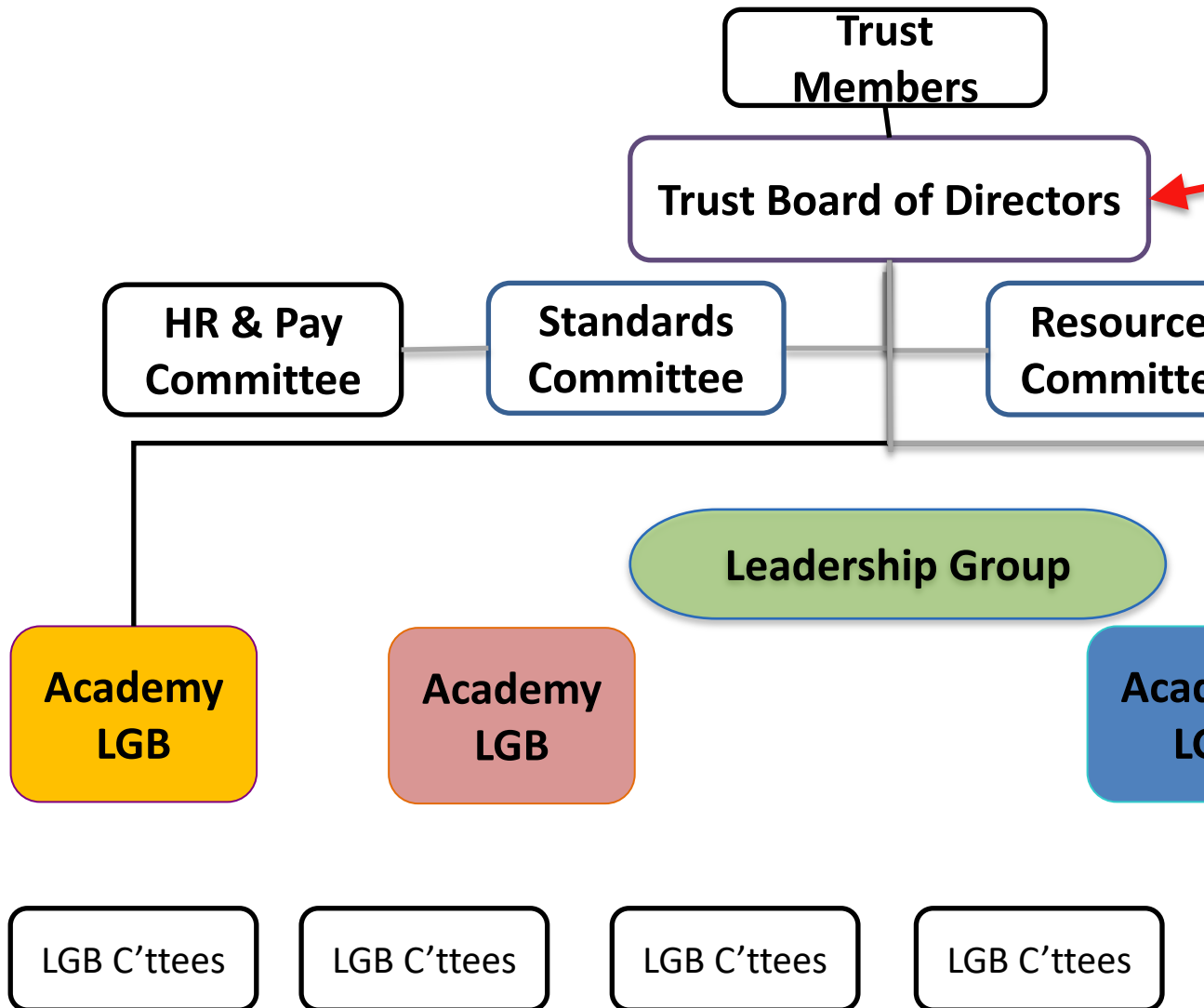
TRUST MEMBERS

Key roles

- Approve changes to Articles of Association
- Appoint & remove proportion of Board as per Articles
- Hold Directors to account for Trust & Academy performance

Recommended 5 Members

ROLE OF DIRECTORS



TRUST BOARD

Key roles

- Set Trust strategic direction
- Ensure effective academy performance and outcome for all pupils
- Hold LGB to account for academy performance and pupil outcomes
- Intervene in academies in serious circumstances
- Determine detailed governance of Trust
- Oversee effective, efficient and compliant use of public funds
- Employer of staff

CHANGE IN ROLE FOR LOCAL GOVERNING BODIES

- Opportunity to reduce number of committees
- New financial scheme of delegation might be imposed
- Responsibility to other academies in the MAT
- Annual timetable of meetings to fit in around trust board meetings
- Stricter deadlines
- Accountability



CEO/ACCOUNTING OFFICER

2.1.8 The principal or chief executive should be appointed as accounting officer, under the guidance of the board, and **must** have appropriate oversight of financial transactions, by:

- ensuring that all the academy trust's property and assets are under the control of the trustees, and measures are in place to prevent losses or misuse, including maintenance of fixed asset registers
- ensuring that bank accounts, financial systems and financial records are operated by more than one person
- keeping full and accurate accounting records to support their annual accounts

Academies Financial Handbook 2016



ACCOUNTING OFFICER

- CEO and **must have** high standards of ethical behaviour and adhere to the 7 principles of public life (“the Nolan principles”)
- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership



ACCOUNTING OFFICER

- Understand and take responsibility
- Act within powers to avoid conflicts of interest
- Strong financial oversight, meet regularly and have CFO
- Monthly procedures, processes and controls
- Share annual letter from EFA setting out key responsibilities and highlighted changes across the Trust leadership



CFO

2.1.10 The academy trust **must** have a chief financial officer (CFO), appointed by the trust's board, who is the trust's finance director, business manager or equivalent, to lead on financial matters.

- The CFO should play both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring of budgets, and ensuring the delivery of annual accounts.



ACCOUNTING CHANGES

- Comply with Company Law, Charity Law (SORP), EFA
- Academies Financial Handbook
- Academies Accounts Direction
- Fund accounting
- Management accounts
- Income and Expenditure analysis changes
- Monthly accruals and prepayments
- Cash flow forecasts
- Balance sheet
- Assets and Liabilities
- Fixed Assets – Depreciation
- Pension deficits



STATUTORY RETURNS

Return

Due Date (As published March 2016)

Budget Forecast Return

within 6 weeks of opening and 31st July thereafter

Company Accounts

31st December to EFA
31st May to Companies House

Academies Accounts Return

31st January

Financial Management and Governance Self Evaluation

4 months after opening

Value for money statement

From Aug 15 included in annual accounts

Website publication

Annual accounts, related party transactions, Funding agreements - PP etc

Annual Pension Returns
EOYC

TP /LGPS July
TP – May and/or Sept



MAT SLA

- If you are contributing to central funds make sure there is a formal document to clarify these arrangements
- What exactly are you getting for your money?
- What are expectations of the trust on you?
- What support are you receiving ?
- Pooling of funds



NEW FINANCIAL SYSTEMS/PROCEDURES

- Dependent on structure
- Tighter deadlines
- More onerous reporting
- Budget Monitoring/Management accounts
 - Monthly accruals and prepayments
 - Cash flow forecasts
 - Bank reconciliations
 - Debtors and creditor information
 - Balance sheet
 - Commentary
 - KPIs
- Backed up by system reports to satisfy audit
- New system will need time and training
- Make it work for you



MANAGEMENT VS FINANCIAL

	Management Accounts	Financial Accounts
Purpose	To help directors/managers to make decisions to fulfil school goals	Communicate the schools financial positions to interested stakeholders
Focus & Emphasis	Future orientated	Past orientated
Rules	Can be prepared in a format that the internal users find helpful to support monitoring and decision making but must comply with academies handbook	Have to be prepared in the format required by external parties e.g. Companies House, DfE



ANNUAL ACCOUNTS

- Accountants appointed by Board
- Accounts Direction issued in May of each year -guidance for accounts production for financial year end
- Are you in a position to defer you accounts? Do you want to?
- Audits take place from September – November each year
- Trustees report
- Final accounts taken to Board – often an AGM with Members in attendance
- Accounts and auditors management letter and trustees responses submitted to EFA by 31st December
- Submitted to Companies House by 31st May – more often done at the same time
- Must be published on website by 31st Jan



INTERNAL AUDIT

- Size of MAT will determine the need for separate audit committee (currently over £50m)
- Provides Board with 'objective and independent assurance' that internal controls are in place
- Board decision as to how this is provided
 - External firm of accountants
 - Peer to peer
 - Must not be an employee of trust/academy
- Programme of works driven by Audit committee who report back to Finance Committee/Board
- Audit committee also responsible for ensuring any recommendations on the annual management letter are implemented



REGISTER OF INTERESTS/COUNTER PARTY TRANSACTIONS

- Transactions with connected parties on 'at cost' basis
- This applies across the Trust not just the school a person may be connected with
- EFA really hot on this at the moment
- Transparency and proper use of public funds



FRAUD AND IRREGULARITY – KEY QUESTIONS

- Are you confident you are procuring all goods and services in an open and transparent way?
- Are you ensuring that your cash flow reflects the activity at the trust and that it is properly reconciled at least monthly?
- Do you have robust controls for payroll arrangements – particularly important in a multi-academy trust – including checks that any amounts paid out are the right amounts and paid to bona fide employees?
- Do you have appropriate separation of responsibility in your finance sections? And are you providing proper management support to your finance staff to operate in a role where they are well-placed to provide you with a “first line of defence” in terms up upholding propriety, regularity and value for money in the use of public funds?
- Are you making sure conflicts of interest are avoided and that you are keeping registers of interest up to date?
- Are you confident senior staff and trustees are not gaining any private or personal commercial or financial benefit as a result of their position, other of course than under their contract of employment?
- Are you sure that your academy trust is not being exploited for personal/private benefit and that any fees for consultancy work are where appropriate being properly accrued to the academy trust rather than to individuals?
- Do you have robust procedures for the recording, documenting, evidencing and monitoring of information and especially the reasons for entering into major spending commitments?
- Do you have properly constituted arrangements for internal audit to give you and trustees a further safeguard that everything is in order?



POLICIES

- Health and Safety
- Risk Management Strategy and Register
- Business Continuity Plans
- Admissions
- Complaints
- Finance Regulations
- Accounting Policy
- Bad Debt
- Investments
- Reserves
- Procurement/Tendering
- Anti Fraud and Corruption
- Gifts and Hospitality
- Trustee/Governors expenses



PROCUREMENT

- Opportunities for economies of scale will take time to realise
- Don't try and do everything at once, plan the process and prioritise
- Record all your procurement – audit will want to look the process



THE TEN CHARACTERISTICS OF SUCCESSFUL MATs

“THE POLICY PICTURE: THE FUTURE DIRECTION OF SCHOOL COLLABORATION”

FRANK GREEN

1. A well communicated strategic vision & plan that moves seamlessly from implementation into impact
2. Clear accountability framework for the performance of the Trust
3. Clear quality assurance systems
4. Clear delegated governance framework
5. Trust-wide school improvement strategy
6. Systematic programme of school to school support
7. Skilled management of Trust Risk indicators
8. Clear succession plan for the key posts within the MAT
9. Trust-wide commitment to making a contribution beyond the MAT
10. Building for continuity and sustainability



TOP TIPS

- Make sure first payroll goes smoothly!
- Prioritise
- Development takes times – don't expect it to be all singing and dancing from day 1
- The Academies Financial Handbook and Accounts Direction are must reads
- EFA Bulletin is a regular must read and act upon if necessary
- Make sure you have good legal advice on retainer basis
- Don't get caught out by rolling contracts
- Get tough with suppliers over novation charges



TOP TIPS

- Ensure Governors/Trustees appreciate their new roles by providing information and training to reduce unexpected surprises
- Support your finance team – no one else will notice how busy they have suddenly become
- Agreeing to adopt some existing school policies allows you time to review and amend over a period of time
- Networking is vital – don't re-invent the wheel
- If you need support – find it



1 YEAR ON - WAS IT WORTH THE HARD WORK?

- Reviewed all contracts achieved better VFM
- Staffing records accurate
- Created opportunities for staff
- Enabled us to review staffing structures
- All policies reviewed and updated
- Highlighted Governors skills
- Introduced new skills to board
- Re-branding opportunity
- Access to wider network of colleagues
- Improved financial management
- Access to larger capital funds (caveat)
- Personal development opportunity





FURTHER HELP AND SUPPORT

academy.questions@education.gsi.gov.uk

Financial Management & Governance Self Evaluation

<https://www.gov.uk/government/publications/academy-financial-management-and-governance-self-assessment-guidance>

EFA bulletins

<https://www.gov.uk/government/collections/efa-e-bulletin>

Code of conduct for board members of public bodies

<http://www.bl.uk/aboutus/governance/blboard/BoardCodeofPractice2011.pdf>

<https://www.gov.uk/government/publications/academies-financial-handbook>



FURTHER HELP AND SUPPORT

<https://www.gov.uk/guidance/academies-financial-returns>

<https://schoolleaders.thekeysupport.com/school-evaluation-and-improvement/academy-status/academy-conversion>

<http://www.theschoolbus.net/content/search.aspx?search=academy+conversion>

<http://www.fasna.org.uk/>

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