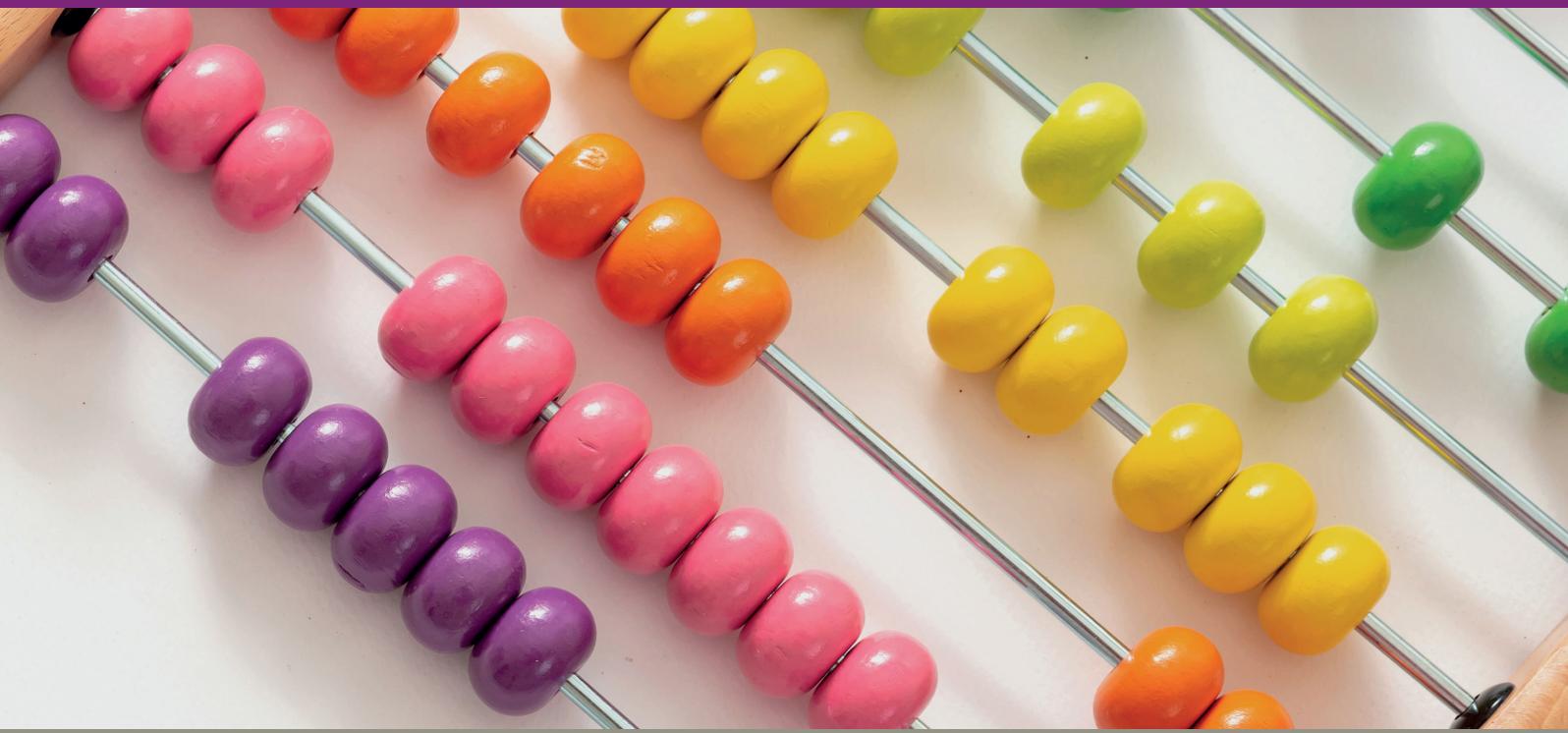




Alan Patient & Co

Chartered Accountants



Financial management clarity for Academies

A guide to the financial, tax and
accounting considerations for new
and existing Academy Trusts



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Introduction

This guide has been compiled with various readers in mind. You may be thinking of converting to an Academy, or you may have converted some time ago and are considering changing your corporate structure, or maybe you feel it's time to update your Financial Management procedures. The contents of the pack should have something of interest for all Head Teachers/Accounting Officers and Business Managers/Chief Financial Officers.

In any event, whatever your needs and requirements, here at Alan Patient & Co we have the skills and expertise to help you. We would be happy to discuss any areas of concern that you may have. Our in depth look at your current systems and discussions on how we can help you improve is free of charge.

To arrange your complimentary consultation or for further information on the services we offer please contact us.

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Alan Patient & Co is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.

The information contained within this document is designed for use during the 2021-22 academic year and is current at the time of going to press.



“Converting two schools into a new Multi Academy Trust we knew that we were going to need all of our finance staff to be at the top of their game. Ensuring that we were suitably prepared to take on new converter schools in the near future was a priority. Changing our accounting software from FMS was going to be a huge challenge in itself and having the financial support and knowledge to assist with that was key.

Having prepared budgets previously I needed to know the changes from a maintained school budget when becoming a Multi Academy Trust. Alan Patient & Co were able to help with this and all the requirements I have as Accounting Officer. Having faced this challenge and wanting to be hands on I know that having experts on your side gives you that peace of mind and support you need to make the transition.”

Ms Edge, Agate Momentum Trust

What we do

We are chartered accountants and registered auditors but rather than producing year end accounts and completing your annual audit we take our experience and expertise in these areas and of finance generally to help you obtain value for money savings and promote a culture of robust internal controls meaning your funding goes further. We offer help in two main ways:

1. Conversion support

Task	How we can help
Prepare to open as an Academy including assistance with:- <ul style="list-style-type: none"> • Setting up the company • Opening new bank accounts • Deciding on accounting software • Obtaining insurance • Applying for Academy conversion grant 	Assistance with all the tasks needed to be completed before the Academy can operate as set out in the ESFA guidance on conversion, project manager and legal representatives.
Setting up accounting software	If the decision is to move to a new accounting software, then this will be supported by our firm. Migration to a new accounting for Academies will be supported by your software provider, however we have found that consultation with us regarding the reports required (for example) proves to be beneficial.
Register with HMRC to recover VAT input tax	Prepare correspondence to HMRC to obtain the required reference number for claiming VAT refunds.
Prepare first annual budget	Use a budgeting tool to prepare budgets in the ESFA required format.
Attend Board of Trustees meetings	It is advisable that the Board of Trustees is established prior to conversion and our input in these meetings would help the Trustees make better informed financial decisions.
Register for exemption from Corporate taxes	As a charitable Trust you may be entitled to exemption from doing a Corporation tax return, and we would make the application for exemption with HMRC.
Liaise with Local Authority (LA) regarding LGPS hand over	
Prepare financial regulations and other statutory policies for the Academy	We would write the financial regulations of the Academy in accordance with CIPFA, charities commission and ESFA guidelines.
Open as an Academy	

1. Conversion support (continued)

Task	How we can help
Calculate surplus or deficit on conversion	We would assist with the close down of the accounting records of the existing set-up to the day before conversion and ensure all relevant information is prepared and submitted to the LA.
Submit non-domestic rates claim form	Within two months of conversion a claim will need to be submitted to receive a rebate on rates. We can assist by making the claim to the ESFA on behalf of the Academy.
Appointment of external auditors and a responsible officer	We can provide suggestions of reputable firms and assist with writing the tender documentation and give recommendations to the school and the Trustees based on our understanding of audit requirements.
File first budget forecast return (BFR)	Once the budget is prepared in the ESFA required format we can set up and perform the submission using the required portal input.
Submit Academies land and buildings valuation form	Within 6 weeks of conversion an online form will need to be submitted to the ESFA. We can prepare and submit the return on behalf of the Academy.
LA transfer surplus or deficit on conversion	We would input the opening balances into the accounting software and ensure that the balances in the accounts add up.
Interim audit	The external auditors will carry out a review on the systems and internal controls of the Academy sometimes referred to as the internal audit and present their findings to the Trustees. We would ensure their requirements are met and attend the presentation meeting.
Prepare Teachers Pension end of year certificate (EOYC)	The Teachers' Pension Scheme will require the relevant information from the payroll to be submitted along with any adjustments during the year. We would prepare this on behalf of the Academy.
File Teachers Pension EOYC	Filing with Teachers Pension Scheme.

1. Conversion support (continued)

Task	How we can help
Audit planning meeting	Once the auditors are appointed, they will call a meeting to determine what areas of the Academy will need attention whilst they are carrying out their audit of the year end accounts. We can attend the meeting and liaise on behalf of the Academy to ensure all requirements are met.
Prepare next year's budget	Preparing full financial figures for the next year including allowing for increments in staff costs and plans for the Academy for the coming year. Research and confirmation of funding for the coming year and planning a balanced budget based on the Academies requirements.
File BFR for next year	Presenting to the Board and agreeing before submitting to the ESFA in the required format.
Close down year-end and prepare for audit	External auditors will require financial and non- financial information to prepare the accounts. We would assist with preparing the financial information.
Regularity audit	This will normally be carried out by the external auditor which supplements the year end accounts audit. We can assist in the completion of the self-assessment questionnaire favoured by external auditors.
External audit	External auditors will attend on site and ask questions of the systems and interrogate the records. We would liaise with them to ensure that their requirements are fully satisfied with minimal disruption to the Academies staff. The external auditors are obliged to prepare a report detailing any weaknesses or errors in the systems found during the course of the audit. We would provide recommendations (in plain language) designed to resolve those issues and assist with the implementation of those recommendations to prevent the issues recurring.
Prepare annual report	This would be done by the Academies Accounting Officer (usually the head teacher) and will supplement the year end accounts with information on the future plans for the Academy, performance of the school and school policies.
Sign off audited accounts and file with annual report to ESFA	This would usually be done by the external auditor and will be presented to the Board of Trustees. We can attend the meeting to help present these.
Prepare and file Academy accounts return (AAR)	This would usually be prepared by the auditors; however, they will require a review and approval by the Academy. We can assist with this review.

2. Chief Financial Officer support services

To assist with the management of the financial sustainability and development of the Trust. Assistance with the provision of high quality leadership and management of the Trust's finance and business functions to enable the Trust to run smoothly, efficiently and effectively in the delivery of the Trust's core aims.

That would include promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

Duties and responsibilities

1. Maintaining a secure overview of the management of financial issues within the Trust.
2. Keeping the Accounting Officer and the Board of Trustees up to date with the latest ESFA changes and other statutory guidance via filtered briefings.
3. Ensuring the financial sustainability of the Trust.
4. Advising the Accounting Officer and the Board of Trustees on matters relating to the financial strategy and the impact of their decisions on the financial position of the Trust within the framework for financial control determined by the Board of Trustees.
5. Upholding good governance and ethical behaviour in the finance function to ensure the Trust upholds good accounting practices, reporting and internal control systems.
6. Advising on effective systems of internal control.
7. Reviewing Trust policies, processes and procedures to ensure compliance with various external regulations including meeting filing deadlines regarding VAT, PAYE, ESFA, DfE, HMRC, the Charity Commission and Companies Acts.
8. Providing efficient financial assistance to the Accounting Officer and the Board of Trustees regarding all aspects of financial management within the Trust.
9. Ensuring forms and returns required by the ESFA and the Trust's Board of Trustees are prepared and submitted in the formats specified by the ESFA/ DfE and filed within the relevant filing deadlines.
10. Advising on writing the Annual Report and preparing the financial statements in the statutory format specified by the ESFA, Companies Acts and Charity Commission in a way suitable for auditing by the external auditors. Arranging a timeline and detailed checklist of work to be done in house and by the external auditors to ensure the audited statutory accounts are filed with the ESFA by 31st December each year.

Duties and responsibilities (continued)

11. Preparing the monthly, termly and ad-hoc budget monitoring reports.
12. Maintaining a strategic financial plan including a 5 year budget plan for the Trust.
13. Advising the Accounting Officer and the Board of Trustees if fraudulent activities are suspected or discovered.
14. Liaising with external regulators such as the ESFA/DfE, Charity Commission, Companies House, external auditors and internal auditors as required.
15. Developing checklists for month-end reports to ensure that they are prepared on a reliable and consistent basis.
16. Developing and maintaining the in-house Financial Procedures manual that sets out the Trust's operational procedures governing the Trust, combining best practice with the latest Accounts direction issued by the ESFA.
17. Setting and managing the Trust's budget thereby enabling the Trust to deliver the curriculum in a cost-effective manner.
18. Providing support and guidance to any staff in individual schools who have financial responsibility.
19. Cooperating with, initiating and preparing for audit.
20. Attending relevant committee meetings (Finance and Audit, Board of Trustees, SLT) to maintain the presence of the finance function and ensure the broader financial aspects of key decisions are fully considered and communicated.
21. Supporting or leading financial and operational risk assessments and assistance with the implementation of appropriate safeguards.
22. Receiving, analysing and interpreting financial reports, and communicating their findings in a simplified manner when necessary.
23. Researching, leading and advising the Accounting Officer on additional funding, revenue/income opportunities and additional business opportunities.
24. Preparing appropriate bids or tender documents to acquire identified additional funds or grants (responsibilities are developed collectively).
25. Advising on the generic duties of a senior leader.
26. Performing other ad hoc duties and assignments as may be determined by the Accounting Officer and the Board of Trustees.

Specific areas of responsibility

Budgets/Budgetary control

1. Preparation of an annual draft budget plan for consideration by the Finance and Audit Committee and the Board of Trustees before the start of each financial year.
2. Preparing a revised budget during the autumn term, which will better reflect the expected income and expenditure than the draft budget prepared during the previous academic year.
3. Monitoring income and expenditure plus cash flow and reporting to the Accounting Officer of variations from the approved budget. Submitting reports on the financial position of the Trust to meetings of the Finance and Audit Committee.
4. Preparing virements for approval within delegated financial limits and reporting such virements to the Finance and Audit Committee.
5. Reviewing existing virements for budgets and recommending amendments to the Accounting Officer and Board of Trustees for approval as necessary.
6. Ensuring compliance with PAYE, National Insurance, VAT and other relevant financial legislation.

Internal audit

1. Maintaining and resourcing an effective internal audit function or equivalent.
2. Producing internal termly audit reports for the Trust, together with recommendations for improvement.
3. Ensuring internal reports are shared with the Accounting Officer and Finance and Audit Committee.
4. Advising Trustees on areas where internal audit should be focused on an annual basis

Purchasing

1. Maintaining an overview of the Trust and providing best value options for key purchases.
2. Overseeing tenders for service contracts, ensuring correct financial procedures are followed, to ensure cost effectiveness.
3. Providing guidance to the staff who have financial responsibilities and the Accounting Officer over retention of quotes obtained for goods, works and services and other associated documentation such as minutes of meetings, recording of decisions and reports.

Payroll and personnel

1. Developing and evaluating the payroll service.
2. Ensuring the monthly payroll is checked and certified by the Trust's Accounting Officer.
3. Comparing actual payroll costs each month to budgeted costs and ensuring the payroll reports are passed to the Accounting Officer to be retained for future audit purposes.

Development

1. Working with the Accounting Officer and the staff who have financial responsibilities to identify sources of additional funding to support the Trust's programmes and development.

Generic responsibilities

1. Representing and promoting the Trust's values internally and externally.
2. Delivering day-to-day duties consistently to the agreed service level.
3. Acting as a champion for change and improvement, constantly enhancing quality.
4. Actively promoting and acting at all times in accordance with the Trust's policies, e.g. Health and Safety, Equal Opportunities and Safeguarding.



"Alan Patient & Co have assisted us through a period of change. They have helped update our financial controls, advised on and implemented new accounting software and aided us in maintaining budgetary controls to help us grow from 900 going up to 1,500 pupils. I used to find monthly budgetary meetings daunting, feeling that I was being talked to in another language.

Thanks to Alan Patient & Co they explained everything to me in plain English allowing me to focus on and understand the key issues. Due to their professionalism and expertise I now look forward to monthly meetings to see how our funding is being best spent to improve the school for our staff and our pupils learning."

Mr Seager, Stratford School Academy

Meet the team



Alan Patient (FCA) - Principal

Alan has had his own accountancy practice for 33 years and is a Chartered Accountant, Registered Auditor and a fellow member of the ICAEW.

Alan has a very diverse client base and he prides himself on adding value for his clients whilst still being friendly and helpful but also extremely professional.



Thomas Hicks (ACA) - Education Services Senior Manager

Thomas is passionate about working in schools and has great specialist knowledge in this area.

He is a Chartered Accountant with the ICAEW, having completed all his exams in 2021. His strong family background in education and finance gives him a unique insight into the effective running of schools.



Farhan Ali (ACCA) - Education Services Accountant

Farhan is an ACCA-qualified Chartered Accountant with over ten years of experience, both as a financial and management accountant across different industries. He is confident that he will add great value to our Schools and Academies sector clients.

If you are not clear about the Financial Management priorities for your Academy School, please contact us for a free consultation with one of our experienced Academy School Consultants.

Contact us:

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