



Education
Funding
Agency

Financial management and governance review at Sawtry Community College

December 2014

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Executive summary

1. The Education Funding Agency (EFA) received allegations during June 2014 regarding aspects of financial management and governance at Sawtry Community College, Cambridgeshire (the academy). These allegations centred on inappropriate use of funds and unjustified personal salary increases by the Principal at the time.
2. In response to the allegations, the EFA's Risk Analysis Division (RAD) visited the academy in July 2014 to conduct a review of financial management and governance. The review included testing of areas relevant to the allegations as well as sampling of expenditure since academy conversion.
3. The findings suggest a failure by the Principal to maintain high standards of probity in the management of public funds, and by the trustees in their stewardship over those funds.
4. The review identified £39,026 of potentially irregular expenditure incurred by the Principal, since academy conversion. Of this, £14,482 was spent directly from academy funds, with the remainder through the private school fund.
5. The review found significant weaknesses in the overall governance and the accountability regime in the academy, along with evidence of breaches of the Academies Financial Handbook (AFH) which are detailed in this report. These weaknesses included inadequate scrutiny by the trustees over a number of key areas – including expenditure incurred, performance management, risk identification and internal controls.
6. These failures raised concerns around the management of the National College of Teaching and Leadership (NCTL) funded “Cambridge Partnership” teacher training provider, which is also overseen by the academy trustees. A two day visit by NCTL at the Cambridge partnership found similar failings (though to a lesser degree) around inadequate trustee oversight and senior management failure to maintain high standards of probity.
7. The academy has commissioned a full transactional review to audit all highlighted areas since conversion. The results of this review may lead to further EFA involvement, including the possibility of recovering funds not spent for the purposes intended.

Introduction

8. The Department for Education (DfE) Academies Group undertook a visit to Sawtry Community college (SCC) on 27 June 2014 to explore performance in the light of a dip in results over the previous two years. A recent Ofsted inspection placed the school in the special measures category and the report was published on 30 June.

9. During the DfE visit on 27 June, the Principal at the time (herein known as the Principal) was questioned around justification for a salary increase and declining educational performance of the academy. The chair of the governing body at the time (herein known as the CoG), when questioned, said that it was not a salary increase, but 'financial compensation' for the Principal no longer being able to add to his eventual pension. On 27 June the DfE received whistle-blowing allegations about the irregularities in the academy budget setting process. Subsequently, on 30 June, the Principal resigned with immediate effect.

10. On 9 July, the whistle-blower made new allegations of financial irregularity against the Principal in relation to inappropriate use of school funds. The new allegations were put to the CoG in a letter handed to the Governing Body (GB) at their meeting on 10 July. On receipt of the letter, the CoG resigned with immediate effect and the GB requested that the EFA conduct an investigation. The specific allegations received were:

- i. That school funds were being inappropriately used to pay for staff social events, including the cost of alcohol consumed at the events;
- ii. Inappropriate expense claims from the Principal were approved, including hotel bar bills and accommodation for family members;
- iii. School funds were used inappropriately to purchase electronic equipment for the Principal's sole use, excessive refurbishment of the Principal's office and the purchase of unnecessarily expensive furniture;
- iv. Increases in the Principal's salary were inappropriate given the school's poor performance;
- v. That the Principal was on an "unpaid sabbatical" during February 2014, but remained in receipt of full pay during that period; and
- vi. Staff were recruited and continue to work at the college without proper contracts being in place.

11. RAD was commissioned to review the allegations by undertaking an assessment of SCC's financial management and governance arrangements, and to test compliance with the Academies Financial Handbook.

12. RAD visited the academy for five days commencing 21 July. At the start of the visit a number of additional allegations were made to the team which were also included in this work. These allegations were:

- vii. Some staff members were paid for more than their worked hours;
- viii. Some staff and trustees were given bonuses or honorarium payments with no justification or GB approval; and
- ix. Some academy assets and stock were missing.

13. Detailed findings from the RAD review are summarised in Table A, regarding the specific allegations, and Table B regarding the general financial management and governance of SCC.

Background

14. Sawtry Community College is based in the village of Sawtry, near Huntingdon, Cambridgeshire and converted to academy status on 1 August 2011. It specialises in mathematics and computing. The academy was inspected by Ofsted in June 2014 and was given a rating of 'inadequate' - having previously been rated as 'requires improvement'.
15. The academy has a subsidiary undertaking, Sawtry Multitask, which handles business activity around IT training, academy lettings and advertising.
16. The academy has a private school fund which handles business activity around vending, school meals, fundraising and young enterprise. Private school funds are usually separate to academy funding, however in this case, school meals and vending come under academy income / expenditure.
17. The academy has an associated teacher training provider, the Cambridge Partnership, based on site (funded through the National College for Teaching and Leadership - NCTL). The partnership is overseen by an Executive Board, whose chair is the Vice Principal of the SCC. The Executive Board also reports to the SCC GB. The Cambridge Partnership has three staff who run it, but central services (HR/finance) are provided by the academy.
18. The NCTL conducted a review of financial management and governance at the Cambridge Partnership in May 2014, giving an assurance rating of nil – meaning no assurance could be given – the lowest rating possible.

Findings

The tables below summarise (a) the findings against each of the specific allegations; and (b) findings in relation to overall financial management and governance.

Table a) Findings against the specific allegations

Allegations	Findings	Recommendations																								
<p>i. That school funds were inappropriately used to pay for staff social events, including the cost of alcohol consumed at the events.</p> <p>ii. Inappropriate expense claims from the Principal were approved, including hotel bar bills and accommodation for family members.</p> <p>iii. School funds were used inappropriately to purchase electronic equipment for the Principal's sole use, excessive</p>	<p>As allegations i, ii and iii were centred on inappropriate expenditure, the testing concentrated on reviewing academy and school fund expenditure with a view to assurance over GAG funding, regularity and propriety.</p> <p><u>Breakdown of the identified £39,026 potentially irregular expenditure</u></p> <table border="1" data-bbox="539 791 1547 1401"> <thead> <tr> <th data-bbox="539 791 797 874">Public/private account</th> <th data-bbox="797 791 1048 874">Test reference</th> <th data-bbox="1048 791 1294 874">Amount £</th> <th data-bbox="1294 791 1547 874"></th> </tr> </thead> <tbody> <tr> <td data-bbox="539 874 797 959">Public</td> <td data-bbox="797 874 1048 959">A</td> <td data-bbox="1048 874 1294 959">562.27</td> <td data-bbox="1294 874 1547 959">Ofsted conference</td> </tr> <tr> <td data-bbox="539 959 797 1078">Public</td> <td data-bbox="797 959 1048 1078">A</td> <td data-bbox="1048 959 1294 1078">2,934.84</td> <td data-bbox="1294 959 1547 1078">1 years direct debits – mobile charges / media</td> </tr> <tr> <td data-bbox="539 1078 797 1198">Public</td> <td data-bbox="797 1078 1048 1198">A</td> <td data-bbox="1048 1078 1294 1198">4,615.01</td> <td data-bbox="1294 1078 1547 1198">Charge card – meals / food / mobiles etc.</td> </tr> <tr> <td data-bbox="539 1198 797 1257">Public</td> <td data-bbox="797 1198 1048 1257">C</td> <td data-bbox="1048 1198 1294 1257">6,370</td> <td data-bbox="1294 1198 1547 1257">Mileage claims</td> </tr> <tr> <td data-bbox="539 1257 797 1401">Private</td> <td data-bbox="797 1257 1048 1401">B</td> <td data-bbox="1048 1257 1294 1401">24,544</td> <td data-bbox="1294 1257 1547 1401">Expenses reclaimed - Alcohol, hospitality,</td> </tr> </tbody> </table>	Public/private account	Test reference	Amount £		Public	A	562.27	Ofsted conference	Public	A	2,934.84	1 years direct debits – mobile charges / media	Public	A	4,615.01	Charge card – meals / food / mobiles etc.	Public	C	6,370	Mileage claims	Private	B	24,544	Expenses reclaimed - Alcohol, hospitality,	<p>1. The academy and its trustees must review its financial procedures and policies to strengthen guidance around,</p> <ul style="list-style-type: none"> - The need to provide invoices / receipts for all expenditure, - Examples of acceptable and unacceptable expenditure (using EFA irregularity reports on the gov.uk website), - Documented authorisation of all expenditure, per the scheme of delegation, - Number of visits and level of independent scrutiny over transactions (by the Responsible Officer - RO),
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Allegations	Findings				Recommendations
<p>refurbishment of the Principal's office and the purchase of unnecessarily expensive furniture.</p> <p>N.B. All the above allegations have been tested together.</p>				shopping, gift cards etc.	<ul style="list-style-type: none"> - Ensuring all areas mentioned in this report and raised by the independent transactional review are adequately covered by the RO, - Back up arrangements where independent scrutiny (RO) is unavailable, - Ensuring travel allowances conform to HMRC requirements, - All travel, where possible, is authorised in advance, - All travel claims use a standard form, are formally authorised and capture sufficient detail, - Trustees ensuring they have suitable methods to monitor senior management working patterns and work/diary commitments <p>Updated financial policies and procedures should be formally approved by trustees and communicated to all staff.</p>
	Total		39,026.12		
	<p><u>Test a)</u></p> <p>Sample testing on income in 13/14 highlighted no unusual transactions or transfers.</p> <p>From a sample of 12 cheques reviewed across 13/14, 1 had been claimed as an expense by the Principal, for an Ofsted conference of £562.27, however no receipt was available and it had been paid on a written request by the Principal.</p> <p>From a sample of 2 separate batch BACS payments across 13/14 (with both batches comprising 54 payments), no issues were noted.</p> <p>From a 1 month review of all direct debits, 6 were noted (for mobile phone / media items) where the academy advised the expenditure was for costs incurred by the Principal. These direct debits payments were automated and did not always have receipts provided to the finance office, although staff advised that receipts were normally requested.</p> <p>In addition no documentation was available to confirm whether these were for purely business purposes and whether there was any independent scrutiny over these claims.</p> <p>The 6 direct debits are listed below, totalling £244.57.</p> <p>Virgin media (home) £108.61</p> <p>O2 £59.94</p> <p>EE £15.98</p> <p>O2 £48.54</p>				

Allegations	Findings	Recommendations
	<p>Currys £5.50</p> <p>O2 £6.00</p> <p>An estimation of the annual value of these direct debits is £2934.84.</p> <p>A review of all charge card statements between August 2012 and May 2014, highlighted a total of £4,615.01 expenditure.</p> <p>The majority of charge card statements viewed did not have any receipts attached (15 of 20). From the detail on the statements, payments were for meals, food and items such as mobile phones. In addition no documentation was available to confirm whether these were for purely business purposes and whether there was any independent scrutiny over these claims.</p> <p><u>Test b)</u></p> <p>Prior to the EFA visit the academy produced and sent a spreadsheet summarising expenditure it felt to be contentious.</p> <p>The expenditure (from private school funds) within the summary relating to the period as an academy totalled £24,544. This amount included expenditure on alcohol, hospitality, shopping, gift cards, home appliances / furnishings and generally items of a nature which did not obviously appear directly related to the running of the academy.</p> <p>Our review also identified,</p> <ul style="list-style-type: none"> - Regular purchases were made during weekends, - The majority of items claimed did not have any receipts attached, - There was no documented evidence of independent scrutiny over any items, - The expenditure was mainly incurred on 14 separate personal credit cards held by the Principal, 	<p>As a minimum the review will be required to cover all areas highlighted in this report.</p> <p>The EFA will then decide on any further actions to be taken based on the results. This includes the possibility of recovering any funds from the academy, which were not spent for the purposes intended.</p>

Allegations	Findings	Recommendations
	<ul style="list-style-type: none"> - The majority of purchases appeared to have been made from supermarkets/shops local to the Principal's home rather than the academy. <p>Specific examples of expenditure include,</p> <ul style="list-style-type: none"> - £3,593.62 directly attributable on alcohol and £4,946.55 on hospitality/entertaining, - A year's car insurance and repairs to vehicles other than the one driven by the Principal, - Monthly subscriptions to a wine club, - Fuel, where mileage expenses may have already been claimed, - Carpets, mats and items of furniture also delivered to the Principal's home address. <p><u>Test c)</u></p> <p>A specific review of mileage claims made by the Principal, through his payroll, for 13/14, indicated he had claimed for 12,740 miles at 50 pence per mile (PPM), totalling £6,370.</p> <p>No documented oversight over these mileage claims was available and no evidence was available to confirm whether this mileage was for purely business purposes. The Principal only recorded mileage and a very brief destination (usually one word) on claim forms.</p> <p>The Principal's PA was asked to confirm the Principal's regular whereabouts and whether travel was for business purposes. The information given was that the PA had no specific knowledge or evidence around the Principal's travels or the Principal appointments. In addition the PA advised none of the Principal's travel / diary commitments were recorded (either electronically or in a physical diary).</p> <p>A review of general mileage claims made across all staff, during 13/14,</p>	

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	<p>highlighted,</p> <ul style="list-style-type: none"> - The academy pays a flat rate for mileage claims regardless of distance travelled. This may be contrary to HMRC guidance which advises the rate drops after 10,000 miles, - There is no documented independent scrutiny over any mileage claims, to justify whether they are purely for business purposes and are genuine. 																									
<p>iv. Increases in the Principal's salary were inappropriate given the school's poor performance.</p>	<p><u>Test d) – Principal's salary structure</u></p> <p>The Principal's annual salary statements showed the following:</p> <table border="1" data-bbox="524 735 1565 1318"> <thead> <tr> <th data-bbox="524 735 786 895">Date</th> <th data-bbox="786 735 1048 895">Salary</th> <th data-bbox="1048 735 1308 895">Community Allowance (extended schools)</th> <th data-bbox="1308 735 1565 895">Total</th> </tr> </thead> <tbody> <tr> <td data-bbox="524 895 786 1002">2013</td> <td data-bbox="786 895 1048 1002">113,303.00</td> <td data-bbox="1048 895 1308 1002">7,000.00</td> <td data-bbox="1308 895 1565 1002">120,303.00</td> </tr> <tr> <td data-bbox="524 1002 786 1098">2012</td> <td data-bbox="786 1002 1048 1098">112,181.00</td> <td data-bbox="1048 1002 1308 1098">7,000.00</td> <td data-bbox="1308 1002 1565 1098">119,181.00</td> </tr> <tr> <td data-bbox="524 1098 786 1177">2011</td> <td data-bbox="786 1098 1048 1177">112,181.00</td> <td data-bbox="1048 1098 1308 1177">7,000.00</td> <td data-bbox="1308 1098 1565 1177">119,181.00</td> </tr> <tr> <td data-bbox="524 1177 786 1241">2010</td> <td data-bbox="786 1177 1048 1241">112,181.00</td> <td data-bbox="1048 1177 1308 1241">7,000.00</td> <td data-bbox="1308 1177 1565 1241">119,181.00</td> </tr> <tr> <td data-bbox="524 1241 786 1318">2010 01/04 to 31/08</td> <td data-bbox="786 1241 1048 1318">109,658.00</td> <td data-bbox="1048 1241 1308 1318"></td> <td data-bbox="1308 1241 1565 1318"></td> </tr> </tbody> </table>	Date	Salary	Community Allowance (extended schools)	Total	2013	113,303.00	7,000.00	120,303.00	2012	112,181.00	7,000.00	119,181.00	2011	112,181.00	7,000.00	119,181.00	2010	112,181.00	7,000.00	119,181.00	2010 01/04 to 31/08	109,658.00			<p>3. The academy and its trustees must review its HR procedures and policies to ensure,</p> <ul style="list-style-type: none"> - Documented performance management is conducted, at regular intervals, for all staff, - Trustees determine a set of approved rewards / benefits / allowances which can be applied to staff, - Where additional salary/benefits/bonuses or allowances are paid/provided to staff, these must be selected from an approved list, and there is a justified rationale and
Date	Salary	Community Allowance (extended schools)	Total																							
2013	113,303.00	7,000.00	120,303.00																							
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Allegations	Findings	Recommendations
	<p>The Principal was being paid on a salary scale equivalent to an inner London role, with added allowances.</p> <p>After conversion the allowances were recorded as a £7,000 Community Allowance. It is understood that Community Allowances are applicable where academies / maintained schools are located in areas of deprivation and where extra activities are added to the school day to keep students engaged. Prior to conversion, documentation also suggests the Principal may have been in receipt of a car allowance in addition to his salary.</p> <p><u>Test d) – Principal’s performance management</u></p> <p>There were no documented performance reviews in the Principal’s personnel file after 2005 or any other documented independent scrutiny on his performance.</p> <p>Hence we were unable to find any documented basis for salary increases.</p> <p>It should be noted that the CoG did advise DfE staff that the Principal’s salary increase from 2011/12 to 2012/13 was due to pension contributions. This could not be substantiated.</p>	<p>approval for the award,</p> <ul style="list-style-type: none"> - Salary benchmarks are agreed by the trustees and used to inform future appointments, - Salary and benefits are included in work conducted by the RO. <p>Updated policies and procedures should be formally approved by trustees and communicated to all staff.</p> <p>As mentioned in recommendation 2, pay and performance should be included within the detailed independent review.</p>
<p>v. That the Principal was on a sabbatical” during February 2014, but remained in receipt of full pay during that period. In addition the Principal has been paid a full time salary but only worked on average</p>	<p><u>Test e)</u></p> <p>No time management (timesheets, electronic calendars etc.) or annual leave documentation was available for the Principal. Hence it could not be confirmed when leave was taken or when the Principal was working or out of office.</p> <p>Discussion with academy staff highlighted that the Principal would take leave in February every year, outside of the half term holiday. However this leave was not recorded.</p> <p><u>Test f)</u></p>	<p>As mentioned in recommendation 1, trustees must ensure they have suitable methods to monitor senior management working patterns and work/diary commitments</p>

Allegations	Findings	Recommendations
2 -3 days a week	There was no documented scrutiny / approval over the Principal's working patterns and leave.	
vi. Staff were recruited and continue to work at the college without proper contracts being in place	<p><u>Test g)</u></p> <p>All employee personnel files reviewed had employment contracts.</p> <p>It was noted that the Principal's employment contract appeared brief and was limited in detail.</p> <p>3 off the 10 personnel files sampled did not include any evidence of recent performance management. This included the Principal's PA, who is also the clerk to the trustees.</p> <p>Since 2008, the PA has had increases in their pay, based on instructions from the Principal, but due to the lack of performance management or trustee oversight of documentation, justification of this could not be established.</p>	This area has been covered in recommendation 1.
vii. Some staff members are paid for more than their worked hours	<p><u>Test h)</u></p> <p>The acting Principal identified 2 instances where this was occurring but both had been formally approved by the academy trust.</p>	No recommendation has been raised in this area.
viii. Some staff / governors were given bonus / honorarium payments with no justification or GB approval.	<p><u>Test I)</u></p> <p>The Principal had authorised bonus payments of £250 for some staff as reward for performance. No documented justification was available to confirm the specific instances of performance being rewarded. In addition the trustees were unaware of these payments.</p> <p>The Principal had authorised an annual honorarium payment of £500 in 11/12 and £600 in 12/13 for the CoG. No documented justification was available to confirm the reason for this and it wasn't discussed within GB Minutes.</p>	This area has been covered in recommendation 3.

Allegations	Findings	Recommendations
<p>ix. Some academy assets and stock were missing</p>	<p><u>Test J)</u></p> <p>A laptop computer and some minor assets were missing from the Principal's office upon his resignation.</p> <p>In addition the academy noted the Principal removing alcoholic stock, with a value of £747, from storage, over a period of 2 years. It is unknown where this stock was removed to and whether it left academy premises. None of this stock was found in the Principal's office, upon his departure.</p> <p>Alcoholic stock is retained for resale (with a licence) to hirers of the academy hall for functions.</p> <p>Since the EFA visit in July 2014, the academy wrote to the Principal requesting return of all assets and reimbursement for the alcoholic stock. On 3rd September 2014, the academy confirmed all assets had been returned and a cheque received for full reimbursement of the alcoholic stock.</p>	<p>4. The academy and its trustees should review the storage and sale of alcoholic stock to determine whether this appears regular and proper.</p> <p>The academy must also ensure assets / stock testing is covered by the RO.</p> <p>The academy must also ensure procedures/policies and future contracts of employment are updated to include requirements on the treatment and return of assets/stock.</p>

Table b) Findings in relation to general financial management and governance of the academy

Question	Academies Financial Handbook paragraph no. and extract	Results of testing	Recommendations
<p>Does the accounting officer, under the guidance of the board, ensure appropriate oversight of financial transactions?</p>	<p>2.1 The academy trust's trustees and managers must have the skills, knowledge and experience to run the academy.</p> <p>2.1.2 The Principal or chief executive should be appointed as accounting officer, under the guidance of the board, and must ensure that there is appropriate oversight of financial transactions.</p> <p>In doing so, they must keep full and accurate accounting records.</p>	<p>The trustees were in receipt of reports covering budgetary data for the academy and its associated SCITT provider – the Cambridge Partnership. Despite this, our review of GB and Finance and resource (FR) committee minutes for 2013/14, found no evidence of trustees/governors challenging any expenditure as irregular or improper. As outlined above, £39,026 of potentially irregular expenditure was highlighted since the academy conversion.</p> <p>The academy subsidiary (Sawtry Multitask) purchases large quantities of alcohol to be resold to those hiring its hall for functions. Our review of the GB minutes showed that the trustee oversight of this area was limited</p> <p>No documented skills audit was available covering the trustees/governors, accounting officer, senior leadership team or staff with financial responsibilities.</p> <p>The academy maintained private and public school bank accounts, however the private account included income and expenditure from public funds e.g. school meals, vending etc. It is acknowledged that the academy transfers schools meals income out of the private account at regular intervals.</p> <p>In addition the academy uses a single bank account for income and expenditure related to the academy and its associated SCITT provider – the Cambridge Partnership (which is funded by NCTL).</p>	<p>1. To ensure that it complies with the academies financial handbook, the academy must ensure that it can demonstrate appropriate oversight of financial transactions. Also that it has in place sound internal control and risk management processes.</p> <p>The academy internal control framework must have regard to:</p> <ul style="list-style-type: none"> - co-ordinating the planning and budgeting processes, - applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties, - preparation of timely monthly management accounts, including income and expenditure

Question	Academies Financial Handbook paragraph no. and extract	Results of testing	Recommendations
		<p>Furthermore the academy was unable to demonstrate documented regular budget monitoring by the Principal over all public and private funds.</p> <p>Without adequate accounting separation of different income and expenditure streams, accurate budget management and monitoring could be difficult.</p>	<p>reports on an accruals basis, cash flow forecasts and balance sheets as appropriate,</p> <ul style="list-style-type: none"> - ensuring that delegated financial authorities are respected, - selection, planning and oversight of any capital projects, - the propriety and regularity of financial transactions, - the management and oversight of assets, - the risk of fraud and theft, - ensuring efficiency and value for money in the organisation's activities, and <p>2. Ensuring any associated teacher training providers have a separate bank account.</p> <p>3. The academy should consider undertaking a skills</p>

Question	Academies Financial Handbook paragraph no. and extract	Results of testing	Recommendations
			audit of its trustees, governors, senior leadership team and staff with financial responsibilities. Any identified skills gaps should be resolved in a timely manner.
Has an appropriate internal control framework been established?	3.5.1 Every academy trust must have in place a process for independent checking of financial controls, systems, transactions and risks.	<p>From a review of committees and their terms of reference, it was confirmed that the academy does not have an audit committee or a committee which includes the functions of an audit committee.</p> <p>This constitutes a breach of the AFH S3.5.1</p> <p>The academy has a Responsible Officer (RO) role, provided by a trustee. From a review of all RO reports over the last 12 months, only one visit report was available, dated 16/09/13, covering the quarter to August 2013.</p> <p>A work programme identifying risky areas, testing to be performed and frequency of review by the RO was not available.</p> <p>The September 2013 visit covered bank and cash, payroll, purchasing and expenses, income and control of budgets. However, some of the testing undertaken appeared limited. As an example, testing on expense claims only covered whether a claim had appropriate documentation attached and was authorised. No consideration was given to the regularity or propriety of the claim and the sample of</p>	<p>4. The academy must ensure that it has a robust process in place for independent checking of financial controls, systems, transactions and risks. It must therefore establish either a dedicated audit committee or committee whose remit includes the functions of an audit committee.</p> <p>5. This committee must agree the programme of work for the RO. Further these visits should be planned to ensure that all areas of internal control and key risks identified by the academy are covered and reported to the committee.</p>

Question	Academies Financial Handbook paragraph no. and extract	Results of testing	Recommendations
		expense claims did not include any made by the Principal.	
Has a contingency and business continuity plan been prepared?	2.3.5 The trust must make a contingency and business continuity plan setting out what it would do to ensure the continued operation of the trust.	The academy was unable to provide a business continuity and contingency plan. This constitutes a breach of S2.3.5 of the AFH.	6. The academy must ensure that this breach is remedied by the production of a contingency and business continuity plan. The plan must be tested at regular intervals.
Have the risks arising from your operations been assessed?	2.3.6 The trust must assess the risks arising from its operations (e.g. financial loss). This assessment should include the likelihood and materiality of each risk. The trust should maintain a register of these risks showing how they are being managed or mitigated, and review this regularly.	We were presented with a risk register for 2013/14. However, our discussions with the acting Principal and CoG, and a review of GB minutes highlighted a lack of awareness of the risk register and no evidence to demonstrate its regular review by the GB.	7. The academy should review the 2013/14 risk register to confirm its adequacy and make any necessary adjustments to allow for adoption and regular review.
Has the board been informed of the delegated authority limits for the	2.4.16 Special staff severance payments should not be made where they could be seen as a reward for failure, such as dismissal for gross misconduct or poor	The academy scheme of delegation does not include sufficient detail around delegated authorities and values. The Principal authorised an ex gratia payment of ██████████ ██████████ to a member of staff who was dismissed. Our findings indicate that the academy failed to consider the issues identified in the handbook when	8. The scheme of delegation should be updated to ensure that the required detail around delegated authorities and values is recorded. 9. The academy must consider

Question	Academies Financial Handbook paragraph no. and extract	Results of testing	Recommendations
<p>categories of transactions set out in the Handbook? If any payments have been made beyond delegated limits, full details must be provided in the commentary section below.</p>	<p>performance.</p> <p>The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an Employment Tribunal claim.</p> <p>In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and improvement procedures.</p> <p>2.4.18 It is also good practice to consider routinely whether particular cases reveal concerns about the soundness of control systems, and whether they have been respected as expected. It is also important to take any necessary steps to put failings right.</p>	<p>making this severance payment. The acting Principal advised the EFA that there is no documented evidence available to support the calculation of the payment sum nor any record of legal advice taken prior to the payment being made.</p> <p>Whilst reviewing payroll arrangements, it was noted that a small number of “bank” teaching staff are employed on a contractual basis and submit an invoice for services. These are normally teachers who have retired from full time employment at the academy. No formal contracts for service are used with these staff and no documented trustee oversight over this arrangement was available.</p>	<p>when making such payments whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved.</p>

Question	Academies Financial Handbook paragraph no. and extract	Results of testing	Recommendations
<p>Has the board been informed of the requirement to act prudently in ways that command broad public support and the requirement to report on how the academy has secured value for money?</p>	<p>2.4.33 In all of the transactions covered in section 2.4, irrespective of whether the Secretary of State's approval is required, trusts should:</p> <p>ensure that the decision represents value for money, and is justified as such</p> <p>2.5.5 The academy trust's accounting officer is required to complete and sign a short statement each year explaining how the trust has secured value for money. This must be sent to the EFA and be published on the academy trust's website.</p>	<p>A review of the GB minutes for 2013/14 highlighted insufficient detail of what was discussed, trustee challenge and scrutiny / oversight of the academy, Sawtry Multitask and Cambridge Partnership. For example, the CoG stated that discussions would take place at governing body meetings which were not subsequently recorded within minutes.</p> <p>A review of the arrangements between the academy, its subsidiary (Sawtry Multitask) and the associated teacher training provider (Cambridge Partnership) highlighted there were no formal arrangements in place governing apportionment of costs from the academy trust to either entities to which the academy provides finance, HR and administrative support. Discussion with the PFO confirmed that during 2013/14, no central cost recharges were made to either entity and no rental has been charged to Cambridge Partnership.</p> <p>It is acknowledged that Sawtry Multitask does donate all profits back to the academy.</p>	<p>10. The academy should ensure that their minutes provide an accurate reflection of what was discussed during meetings. Also that any decisions made are minuted.</p> <p>11. It must also ensure it can demonstrate discipline in financial management, maintain proper accounts and the propriety and regularity of financial transactions.</p>
<p>Has the board been informed of the requirement to obtain approval from EFA before making any</p>	<p>2.4.41 Novel and contentious transactions must always be referred to the EFA for explicit prior authorisation. If there is any doubt about the propriety of a payment an academy trust should ask the EFA in advance.</p>	<p>Our review identified instances of novel/contentious payments being made:</p> <p>The Principal requested and authorised bonus payments to several staff members paid in December 2013. Five staff members were paid £250 each, without any performance management evidence behind the award. In addition these payments were made without any</p>	<p>12. The academy must ensure that they use their judgement as to whether to seek prior advice for future payments which may be considered novel or contentious.</p> <p>Novel payments or other transactions are those in</p>

Question	Academies Financial Handbook paragraph no. and extract	Results of testing	Recommendations
novel or contentious payments?		<p>documented trustee review / approval.</p> <p>The Principal also requested and authorised annual honorarium payments to the CoG (£600 13/14, £500, 12/13). These payments were made without any documented trustee review / approval or basis for award.</p>	<p>which the academy has no experience, or are outside the range of normal business activity for the academy.</p> <ul style="list-style-type: none"> - Contentious transactions are those which might give rise to criticism of the academy by the public or the media. - Public money must always be spent prudently and in ways that command broad public support.
Have all trustees completed the register of business interests?	<p>2.5.2 Academy trusts must ensure that:</p> <p>all trustees have completed the register of business interests kept by the trust and there are measures in place to manage any conflicts of interest;</p> <p>a competitive tendering policy is in place and applied.</p>	<p>A review of declaration of interest forms was completed for all trustees/governors, senior leadership team and staff with financial responsibilities (for 2013/14). Our review identified that the academy is not fully compliant with the requirement to manage any conflicts of interest. We found:</p> <p>Staff with financial responsibilities are not routinely required to complete declaration forms.</p> <p>Seven out of fourteen members of the Governing Body did not have a declaration of interest form</p> <p>The majority of declaration forms reviewed had not been signed / dated.</p> <p>The CoG had not declared all relevant interests (no</p>	<p>13. Trustees/governors and senior staff must declare all business interests including any paid employment to allow for easier related payment transactions analysis.</p> <p>14. The academy must also ensure that there are measures in place to manage any conflicts of interest.</p> <ul style="list-style-type: none"> - The academy must ensure that the competitive tendering policy in place is

Question	Academies Financial Handbook paragraph no. and extract	Results of testing	Recommendations
		<p>interest was declared in the Sawtry Multitask subsidiary).</p> <p>The current vice Principal has not declared an interest in Sawtry Multitask, Cambridge Partnership and the Cambridge Chamber of Commerce.</p> <p>This constitutes a breach of S2.5.2 of the AFH</p> <p>The academy 2013/14 financial procedures manual states expenditure over £5,000 requires 3 quotes and over £10,000 requires formal tendering.</p> <p>From a review of high value suppliers for 2013/14, no evidence could be found for formal quotations and/or tendering for any suppliers selected (sample of five). It is acknowledged the academy does make use of a local purchasing consortium to aid in best value; however the suppliers sampled were separate to this.</p>	<p>applied.</p> <ul style="list-style-type: none"> - If there are preferred suppliers or single tenders the academy must be certain that all criteria within the handbook are met and that their decisions can be fully supported.

Next steps

19. A Financial Notice to Improve was issued to the academy on 26 September. The academy will be required to submit an action plan that responds to the recommendations outlined in this report and set out how they will address the weaknesses identified in the review. The EFA will also follow up progress on the action plan, which may include further visits.
20. As our review was scope limited and sample based, the academy will engage a detailed and independent transactional review of income and expenditure, as per recommendation 2 above. The results of this review may lead to further EFA involvement, including the possibility of recovering funds from the academy which were not spent for the purposes intended.



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