



National College for
Teaching & Leadership

Grant Funding Assurance – Annual Grant Return

**Guidance for completion of the Annual
Grant Return**

**Academic Year 2016/17 (1 September
2016 to 31 August 2017)**

October 2017

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1. Introduction and overview

- 1.1 The Grant Funding Agreement (GFA) issued by NCTL requires the governing body to prepare information for each academic year.

Annual Grant Return

- 1.2 Under the Annual Grant Return, in all cases NCTL requires
- an Audit Grant Report; and Independent Accountants Report,
 - and also for local authority based providers, an income and expenditure statement and balance sheet in relation to the NCTL grant funding.
- 1.3 Please note that the GFA will advise what the Provider is required to complete and submit to NCTL.

Grant funding agreement

- 1.4 The GFA issued by NCTL to individual Providers consists of the Grant Terms and Conditions, the Grant Offer Letter and relevant annexes. It will provide information on what grants have been given to the Provider, the terms and conditions under which the grant can be spent, and the purpose for which the grant funding for 2016/17 can be spent. It will also provide sufficient information in the GFA of the terms that it requires independent assurance on.
- 1.5 Section 2 is the guidance for the Provider on how to fill out the Annual Grant Return
- 1.6 Section 3 is the guidance for the independent reporting accountant on NCTL's expectations which will be met through the Provider engaging with an independent reporting accountant. Appendices 2 and 3 of this section are the illustrative terms of engagement and illustrative form of report respectively. It will be for the independent reporting accountant and the Provider to determine what the actual terms are after discussion and negotiation.

2. Annual Grant Return

2.1 The Annual Grant Return should be completed in accordance with the GFA. It should provide information in relation to the following:

Part I

- Initial teacher training (ITT) bursaries
- Subject Knowledge Enhancement (SKE), Training Bursary and Programme Costs
- Early Years bursaries, training and employer incentives

Part II

- Trainee Record

Part III

- From Local Authority based providers, a statement of income and expenditure and balance sheet for the financial year end 31 July 2017 for the NCTL grant funding only.

Responsibility of senior officer

2.2 The Annual Grant must be completed by the school and checked and signed by a senior officer who will be one of the following:

- The Chair of Governors or Accounting Officer in a LA maintained school Lead School, Independent Teaching School or Academy/Free School that is a Single Academy Trust; or
- The Chair of the Board of Trustees or Chief Operating Officer if the Lead School is part of a Multi-Academy Trust.

Independent Reporting Accountants

2.3 An Independent reporting accountant must provide a limited assurance report on Parts I and Part II (if required). The independent reporting accountant, will be one of the following:

- I. A registered auditor under the Companies Act 2006 or a local public auditor under the Local Audit and Accountability Act 2014; or
- II. a member of one of the following professional bodies, with a practicing certificate, who complies with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants and has relevant professional indemnity insurance which enables them to provide independent accountant's reports on such grant schemes:

- www.accaglobal.com/uk/en.html (ACCA)
- www.aiaworldwide.com/ (AIA)
- www.charteredaccountants.ie/ (CAI)

- www.icaew.com/ (ICAEW)
- www.icas.com/ (ICAS)
- www.cipfa.org/ (CIPFA)
- www.cimaglobal.com/ (CIMA)

III. For LEA maintained schools, if the Local Authority provides the independent accountant's report, at a minimum, the person signing off this report must:

- be able to demonstrate their independence from the Provider; and
- have a qualification:
 - with one of the bodies mentioned above; or
 - Be a member of <https://www.iaa.org.uk/> (Certified or Chartered Internal Auditor with Chartered Institute of Internal Auditors).

2.4 The independent accountant will send their final signed reports (as per the templates in this guidance) with the Annual Grant Return (both in pdf and excel with each page numbered and initialled) to the Provider.

2.5 It will be the Provider's responsibility to send by **12th January 2018** the final signed independent accountant's report with the attached Annual Grant Return in to:

(a) NCTL by email; and

(b) Copying in the independent reporting accountant at the same time.

2.6 It is for the grant receiving body to ensure and confirm that the Annual Grant Return is completed in accordance with the NCTL Grant Funding Agreement.

Guidance for Providers completing the Audit Grant Return tab

Part I: Audit grant report

1 Initial teacher training (ITT) bursaries

1.1 ITT training bursaries received between 1 August 2016 and 31 July 2017

This is pre-populated with the amount of funding that NCTL has paid in the academic year 2016 to 2017 in relation to ITT training bursaries (including any discretionary and scholarship funding Providers have received). Please do not overwrite this section.

If the amount stated does not match Providers records the Provider should contact the funding team on itt.funding@education.gov.uk.

1.2 ITT training bursaries spent between 1 August 2016 and 31 July 2017

Providers should record the actual ITT bursary funding amount paid to eligible trainees during the academic year 2016 to 2017 (including any discretionary and scholarship funding).

1.3 Balance at 31 July 2017

This will automatically calculate the difference between what Providers' received and what has been spent. Once collaborated by NCTL adjustments will be made for any differences in this section, including recovering any funding not spent.

1.4 Total number of full-time trainees on tuition fee route (commencing in the academic year 2016 to 2017)

This is where Providers should record the total number of both funded and non-funded full-time trainees on the tuition fee route that started in the academic year 2016 to 2017.

1.5 Total number of the above full-time trainees that were in receipt of a training bursary

This is where Providers should record the total number of full-time trainees that started in the academic year 2016 to 2017, and were in a receipt of a training bursary. This should include those who deferred or withdrew during the year.

1.6 Total number of full-time trainees in receipt of a training bursary who have deferred or withdrawn

This is where Providers should record the total number of full-time trainees that were in receipt of a training bursary at the start of the academic year 2016 to 2017, but deferred or withdrew during the year.

1.7 Total number of part-time trainees on tuition-fee route (commencing in the academic year 2016 to 2017)

This is where Providers should record the total number of both funded and non-funded part-time trainees on the tuition fee route that started in the academic year 2016 to 2017.

1.8 Total number of the above part-time trainees that were in receipt of a training bursary

This is where Providers should record the total number of part-time trainees that started in the academic year 2016 to 2017, and were in receipt of a training bursary. This should include those who deferred or withdrew during the year.

1.9 Total number of part-time trainees in receipt of a training bursary who have deferred or withdrawn

This is where Providers should record the total number of part-time trainees that were in receipt of a training bursary at the start of the academic year 2016 to 2017, but deferred or withdrew during the year.

2 Subject knowledge enhancement (SKE) training bursary and programme costs

If a trainee doesn't start their SKE programme at all, NCTL is required to recover both the programme costs and training bursary funding associated with that trainee. However, if a trainee withdraws during their SKE programme NCTL will only recover the amount of bursary funding that has not been spent. Providers will shortly be able to access full details of individual claims on the [ITT provider extranet](#). This includes the date SKE programme costs have been paid and details of the monthly SKE training bursary payment for each trainee claim.

2.1 SKE training bursaries received between 1 August 2016 and 31 July 2017

This is pre-populated with the amount of funding that NCTL has paid in relation to SKE training bursaries, please don't overwrite this section. If the amount stated doesn't match the Providers records please contact the funding team on itt.funding@education.gov.uk.

2.2 SKE training bursaries spent between 1 August 2016 and 31 July 2017

This is where Providers should record the actual SKE bursary funding amount paid to eligible trainees during the academic year 2016 to 2017. **Note:** Bursary funding paid out for 16/17 trainees who registered on programme after 31 July 2017 should be accounted for in 2017/18.

2.3 Balance at 31 July 2017

This will automatically calculate the difference between what Providers' received, what has been spent and what has been committed, this informs the adjustment value. Adjustments will be made for any differences in this section, including recovering any funding not spent.

2.4 SKE programme funding received between 1 August 2016 and 31 July 2017

This is pre-populated with the amount of funding that NCTL has paid in academic year 2016 to 2017 in relation to SKE programme costs, please don't overwrite this section. If the value stated doesn't match Providers records please contact the funding team on itt.funding@education.gov.uk.

2.5 SKE programme funding spent between 1 August 2016 and 31 July 2017

This is where Providers should record the actual SKE programme costs Providers paid during the academic year 2016 to 2017. Providers are required to provide a breakdown of expenditure at "Note 4" in the "Notes to Accounts" tab.

2.6 Balance at 31 July 2017

This will automatically calculate the difference between what Providers' received and what has been spent and informs the adjustment value. Adjustments will be made for any differences in this section, including recovering any funding not spent.

2.7 Number of trainees that withdrew during their SKE programme

This is where Providers should record the number of trainees that have withdrawn early from their SKE programme.

2.8 Number of trainees that did not start their SKE programme

This is where Providers should record the number of trainees that did not start their SKE programme at all.

3 Early Years

3.1 Graduate entry funding received between 1 August 2016 and 31 July 2017

This is pre-populated with the amount of funding that NCTL has paid in the academic year 2016 to 2017 in relation to early years ITT graduate entry route for training bursaries and course fees.

Please don't overwrite this section. If the amount stated doesn't match the Providers records please contact the early years' team at itt.funding@education.gov.uk.

3.2 School Direct (Early Years) received between 1 August 2016 and 31 July 2017

This is pre-populated with the value of funding that we've paid in the academic year 2016 to 2017 in relation to early years ITT School Direct (Early Years) route for training bursaries and course fees.

Please don't overwrite this section. If the value stated doesn't match your records please contact the early years' team at itt.funding@education.gov.uk.

3.3 Graduate employer based funding received between 1 August 2016 and 31 July 2017

This is pre-populated with the amount of funding that NCTL has paid in the academic year 2016 to 2017 in relation to early years ITT graduate employment based route for course fees and funding for employers to support trainees.

Please don't overwrite this section. If the amount stated doesn't match the Providers records please contact the Early Years team at itt.funding@education.gov.uk.

3.4 Graduate entry training fees paid between 1 August 2016 and 31 July 2017

This is where Providers should record the actual early years ITT training fees funding amount for eligible graduate entry trainees during the academic year 2016 to 2017. You will need to take into account unused funding for any withdrawn trainees.

3.5 Graduate entry training bursary payments to trainees between 1 August 2016 and 31 July 2017

This is where Providers should record the actual early years ITT bursary funding amount paid to graduate entry eligible trainees during the academic year 2016 to 2017. You will need to take into account any recovered bursary payments for withdrawn trainees.

For expenditure relating to **deferred candidates** from previous academic years, please use the notes section. "9 -Other NCTL funds received / paid not on AGR tab"

3.6 School Direct (Early Years) training fees paid between 1 August 2016 and 31 July 2017

This is where Providers should record the actual early years ITT training fees amount paid to eligible School Direct (Early years) trainees during the academic year 2016 to 2017. You will need to take into account unused funding for withdrawn trainees.

3.7 School Direct (Early Years) training bursary payments to trainees between 1 August 2016 and 31 July 2017

This is where Providers should record the actual early years ITT bursary funding amount paid to School Direct (Early Years) eligible trainees during the academic year 2016 to 2017. You will need to take into account unused bursary funding for withdrawn trainees.

For expenditure relating to **deferred candidates** from previous academic years, please use the notes section. "9 -Other NCTL funds received / paid not on AGR tab"

3.8 Graduate employer based training fees paid between 1 August 2016 and 31 July 2017

This is where Providers should record the actual early years ITT training fees funding amount for eligible graduate employment based trainees during the academic year 2016 to 2017. You will need to take into account unused funding for any withdrawn trainees.

3.9 Graduate Employment based employer incentive funding between 1 August 2016 and 31 July 2017

This is where Providers should record the actual early years ITT employer incentive funding amount paid to employers for graduate employment based trainees during the

academic year 2016 to 2017. You will need to take into account unused employer incentive payments for any withdrawn trainees.

For expenditure relating to **deferred candidates** from previous academic years, please use the notes section. "9 -Other NCTL funds received / paid not on AGR tab"

3.10 Funding held for graduate entry deferred trainees between 1 August 2016 and 31 July 2017

This is where Providers should record the actual Early Years ITT funding amount held for deferred graduate trainees during the academic year 2016 to 2017

3.11 Funding held for School Direct (Early Years) deferred trainees between 1 August 2016 and 31 July 2017

This is where Providers should record the actual Early Years ITT funding amount held for deferred School Direct (Early Years) trainees during the academic year 2016 to 2017".

3.12 Funding held for graduate employment based training for deferred trainees between 1 August 2016 and 31 July 2017

This is where Providers should record the actual Early Years ITT funding amount held for deferred graduate employment trainees during the academic year 2016 to 2017.

3.13 Balance at 31 July 2017

This will automatically calculate the difference between what Providers' received and what has been spent (including funding for deferred trainees). Adjustments will be made for any differences in this section, including recovering any funding not spent.

Part II: Trainee Records

This table is where providers should record all the details of the trainees that the funds received from NCTL recorded on the Annual Grant Return apply to, and from which the reporting accountant should sample in line with Section 3.

Funding Stream as per AGR tab

This is a Drop down field for the 3 funds streams reported in the AGR.

Teacher Reference Number / DMS Reference number / SKE Claim Reference

If the trainee was on the ITT Bursary route enter the 7 digit TRN number as shown on DMS.

If the trainee was on the Early Years route enter the 9 digit Reference number as shown on DMS

If the trainee was on a SKE course enter the claim reference number used when initially applying to NCTL.

Date started

This is the date the trainee started on the course, if they are a returning trainee having deferred from a previous year enter the date they originally commenced training.

Date left - If trainee withdrew or deferred only

This field should only be completed if the trainee withdrew or deferred before the course finished in AY 16/17, end of July 2017. This should match the date entered on DMS.

There is no need to enter a date for those trainees who completed the training and can be left blank.

SKE course length (weeks)

Enter the length of the SKE course the initial claim was made for in weeks. If the trainee failed to start or complete the course, this will be picked up in the 2 dates entered in the previous fields.

ITT Bursary Course Subject and ITT Bursary tier

These are Drop down fields for the ITT Bursary funds only. These can be left blank for Early Years and SKE funding.

Total paid in AY 16/17

Enter the amount paid out in relation to the respective trainee bursary or SKE claim.

Part III: Accounts Income and Expenditure and Balance Sheet

Completing the “NCTL funding Income and Expenditure” Excel tab

This part is used by NCTL to give a measure of risk for those Local Authority based Providers which are not subjected to a statutory audit.

4 Income and Expenditure

These statements are only completed by local authority based providers and only include figures in so far as they relate to NCTL grant funding. They are not a full set of the accounts of the body.

Please complete all yellow fields in the return, enter a zero if the field isn't applicable.

4.1 NCTL Income received via the payment profiles

The cell for this year is populated from the Annual Grant Return tab. Providers will need to complete the previous year's figure manually.

4.2 Holdbacks to be accrued and recovered /paid, settled after year end

The holdback section is included to record any holdback adjustments that relate to the year of account that will be adjusted after the year-end. All adjustments notified by us concerning the year of account should be added here.

Please note that monies NCTL will recover from Providers should be recorded as a negative entry (to reduce the overall income) and any additional monies to be paid, e.g. in respect of a shortfall in bursary payment by the NCTL, should be recorded as positive values, to add to the total income. A breakdown of the holdbacks should be included in note 3 on the Notes to Accounts tab.

4.3 Deferred Income

The deferred income lines have been included to allow for cases where providers won't have completed the training for which funding has been provided within the year of account.

4.4 Other Income

The Other income lines have been included for a breakdown of providers other sources of income.

This section should include funds received by the Provider for ITT which have not been directly issued by NCTL, for example Training fees from School Direct (salaried) lead schools or Student Loans Company funding for ITT students.

4.5 School Direct (salaried)

This section should only be used to record School Direct (salaried) income received by providers from lead schools to pay for training only. School Direct (salaried) lead schools are the direct recipients of School Direct (salaried) Grant from NCTL, which is a

contribution to training and salary costs. As such, lead schools are subject to separate grant assurance/audit arrangements for this grant in totality.

4.6 Expenditure

This section should be used to show us how the funds received have been spent in the year. NCTL has listed the main expenditure types and below is a brief description of each type for reference:

4.7 Provider staff costs

Full costs (salary, tax, pensions and national insurance) of the staff employed by the provider to administer the trainees and the training programme:

4.8 ITT staff costs

Training staff costs such as subject leads, trainee mentors, observation visits and moderation will include full costs (salary, tax, pensions and national insurance).

4.9 Indirect overheads

Non trainee related expenses to the provider which may include a cross charge for premises, utilities, finance team resources and training rooms.

4.10 Reporting accountants' fee

Cost of employing an independent reporting accountant to provide the independent accountants report on NCTL funding.

4.11 Payment for accreditation / to awarding body

Fees paid to the HEI or awarding body for training, awarding qualified teacher status or for postgraduate certificate of education.

4.12 Direct payments to trainees (salary)

Payments made to the trainees via their employing school for school direct or direct claims.

4.13 Bursary payment to trainees

Bursary payments made to the trainees

4.14 Payments to schools for trainee placements

Cost of placing trainees in schools as part of their training programme.

4.15 Payments to employers (Early Years)

Payments to early years trainees to provide supply cover, salary enhancements or other training related material.

4.16 Other educational supplies and services

Expenditure on items not covered above such as marketing costs, disclosure and barring service monitoring, conference costs, etc.

Completing the “Accounts Balance Sheet” Excel tab

These statements only include figures in so far as they relate to NCTL grant funding. They are not a full set of the accounts of the Provider.

5 Assets and Liabilities

Please complete all yellow fields in the return, enter a zero if the field isn't applicable. Providers will need to complete the current and the previous year's figures manually.

It is expected that the surplus/deficit carried forward to the next year identified on the income and expenditure should match both the net assets total and the reserve total funds figure on the balance sheet. Any accounts submitted with a discrepancy will need to include a numbered note to explain the difference in full.

Completing the “Notes to NCTL funding Accounts” Excel tab

7 Notes to the accounts

The notes tab should be used to provide any supporting information or analysis referenced on the Annual Grant Return, NCTL funding Income and Expenditure Statements and Balance Sheet.

Providers who received SKE funding are required as identified at “Note 4” to complete a breakdown of how much was spent, both in amounts and percentage terms, under the components listed.

Note 9 – This is referred to in the SKE section of Part 1 regarding deferred trainees from previous years. Record the amount for each SKE trainee that was paid out in 16/17 relating to previous years deferrals.

3. Independent Accountants Reports on the Annual Grants Return

- 3.1 For Academies, higher education institutions, private companies and all other schools, where the financial statements of the body have already been subjected to an external audit, NCTL should be aware that an external audit may already have been carried out on the overall financial statements of the bodies and NCTL would be able to refer to this. However, the external auditor carrying out the audit of the financial statements will perform such work as they consider necessary to report on the financial statements as a whole and the grant income reported in those financial statements may not have been subject to the same procedures as it would in an engagement where the accountant is reporting on the grants in isolation. For example, the external audit would likely not have checked compliance with the grant scheme terms and conditions themselves. Therefore, potentially, the amounts may fall below the materiality level for the statutory audit and, hence, may not have been subject to rigorous audit procedures.
- 3.2 For local authority maintained schools, where there may not be an external audit of the main statement of accounts of the body, the chief finance officer or other local authority officer with appropriate delegated authority may act as signatory. If the local authority is unable to provide assurance, an independent reporting accountant may be appointed. The figures within these statements are only in relation to the NCTL funding rather than the full income and expenditure and balance sheet of the body. A limited assurance conclusion is required on the Annual Grant Return in accordance with this guidance.

Who can do the work and sign the report?

- 3.3 Independent Accountants that are eligible to carry out this work and sign the Independent Accountants Report on the Annual Grant Return will be independent of the Provider, and will not have a conflict of interest with the school they are providing assurance for. NCTL expects that the independent reporting accountants will be one of the following:
- I. a registered auditor under the Companies Act 2006 or a local public auditor under the Local Audit and Accountability Act 2014; or
 - II. a member of one of the following professional bodies, with a practicing certificate, who complies with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants and has relevant professional indemnity insurance which enables them to provide independent accountants reports on such grant schemes:
 - www.accaglobal.com/uk/en.html (ACCA)
 - www.aiaworldwide.com/ (AIA)
 - www.charteredaccountants.ie/ (CAI)
 - www.icaew.com/ (ICAEW)
 - www.icas.com/ (ICAS)
 - www.cipfa.org/ (CIPFA)
 - www.cimaglobal.com/ (CIMA)
 - III. for LEA maintained schools, if the Local Authority provides the independent accountants report, at a minimum, the staff carrying out this work must:

- be able to demonstrate their independence from the Provider; and
- have a qualification:
 - with one of the bodies mentioned above; or
 - Be a member of <https://www.iaa.org.uk/> (Certified or Chartered Internal Auditor with Chartered Institute of Internal Auditors).

Scope of work

3.4 NCTL requires the independent reporting accountant to carry out a limited assurance engagement on the Annual Grant Return (Part I and Part II (where appropriate)). The engagement is a bi-partite engagement between the reporting accountant and the Provider. Whilst NCTL does not require a duty of care from the independent reporting accountant, it is setting the assurance requirements (in accordance with this Grant Funding Assurance Guidance – Annual Grant Return) and will seek to use the report to assure itself that the grant given to the body has been spent in accordance with the terms and conditions set out in the Grant Funding Agreement to the Provider.

3.5 In accordance with ISAE 3000 which sets out the conditions for a limited assurance engagement, NCTL requires the Provider to seek assurance that:

Part I

General

- the Annual Grant Return has been filled in correctly in accordance with the GFA and the instructions contained within this guidance
- For all types of training grant claimable, the amount claimed and paid per trainee agree to NCTL funding manuals.
- For all types of assessment fees, the number of trainees starting a self-funded programme multiplied by the published NCTL rate are calculated correctly

ITT Training Bursaries

- the grant received from NCTL agrees to underlying records such as payment profile/remittance advice from NCTL for all types of allocated 'ITT grant',
- bursary payments to trainees agree to the bank statement
- there is evidence that trainees for which grant has been claimed actually exist
- there is evidence that trainees attended the courses for which grant has been claimed

Subject Knowledge Enhancement (SKE) Training Bursary and Programme

- the amounts of SKE bursaries received agree to underlying records such as remittance advice from NCTL
- There is evidence that the SKE eligible trainees for which bursaries have been claimed actually exist
- There is evidence that the SKE bursaries have only been paid to eligible trainees
- the amounts for the actual SKE programme costs paid agree to the breakdown of expenditure in the notes to the accounts (note 4)

Early Years

- the grant received from NCTL for early years ITT graduates agrees to underlying records such as payment profile/remittance advice from NCTL for all types of allocated 'ITT grant',
- bursary payments and training fees agree to underlying records
- there is evidence that the early years graduates for which grant has been claimed actually exist
- there is evidence that the early years graduates attended the courses for which grant has been claimed

Part II: Statement of Income and Expenditure and Balance sheet

3.6 The Grant Funding Agreement will identify whether limited assurance is needed over the Statement of Income and Expenditure and the Balance Sheet.

3.7 Where there is an external auditors report for the Provider, NCTL require the Provider to send them a copy of the report issued.

3.8 NCTL require the Provider to seek assurance that:

- The statement of income and expenditure and balance sheet have been correctly filled in and only items relating to NCTL funding are included in the Annual Grant Return. For example, on a sample basis,
 - agree amounts received from NCTL to underlying records such as remittance advice notes from NCTL;
 - agree expenditure to invoices or other supporting documentation and evidence of payment;
 - obtain evidence of the existence of trainees for whom funding has been claimed (for example, to trainee records and/or course attendance registers);
 - confirming capital expenditure to underlying records such as grant offer letters and bank payments of funding being used for fixed assets;
 - debtors and creditors to be agreed to supporting documentation

Appendix 1: Illustrative standard terms of engagement

*** [The letter is to be reproduced on headed paper of the accountant]**

How to use these terms

Reporting accountants should note that these are only illustrative terms. Firms will likely use their own letters of engagement with their own terms. However, if this is the case, a cross-reference should be made within the individual letters of engagement to these terms of engagement to ensure that there is no conflict with these terms.

This limited assurance terms of engagement will take the form of a bi-partite engagement. NCTL will not be a party to the engagement letter and does not require a duty of care from the reporting accountant. Therefore, the terms of the engagement need to be agreed directly with the client whilst bearing in mind the Grant Funding Assurance Guidance on the Annual Grant Return set by NCTL which outlines what they require assurance on.

Illustrative terms of engagement

The following are illustrative terms of engagement for reporting accountants to perform a limited assurance engagement and report in connection with 'Grant Funding Assurance Guidance' on the Annual Grant Return for the period ended [dates that are being reported on] and for subsequent periods unless otherwise agreed in writing.

An agreement between the Provider and its reporting accountants is formed when the Provider appoints, by way of a signed engagement letter, a reporting accountant to complete a limited assurance engagement in respect of the Provider's Annual Grant Return and in accordance with International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and having regard to NCTL's Grant Funding Assurance Guidance on the Annual Grant Return. These terms form part of the separate letter of engagement between the Provider and the reporting accountants.

The limited assurance report ('the report') should take the form of that set out in Appendix 2 of NCTL's Grant Funding Guidance for the Annual Grant Report.

In these terms of engagement:

'NCTL' refers to the National College for Teaching and Leadership which is the body that is responsible for administering the funding on behalf of the Department for Education (DfE).

'Provider' refers to the body/organisation that receives the funding streams.

'Senior Officer(s)', where reference is made to Senior Officer this is the Officer who is either:

- The Chair of Governors or Accounting Officer in a LA maintained school Lead School, Independent Teaching School or Academy/Free School that is a Single Academy Trust; or

- The Chair of the Local Governing Body or Advisory group or the Accounting Officer in an Academy/Free School Lead School that is part of a Multi Academy Trust; or
- The Chair of the Board of Trustees or if the Lead School is a multi-Academy Trust.

‘**Reporting accountants**’ are the appropriately qualified and independent accountants appointed by the Provider for the purpose of reporting on the Provider’s Annual Grant Return. In this capacity, whilst qualified to act as independent reporting accountants, the appointed reporting accountants act as a professional accountant undertaking a limited assurance engagement;

For independent schools, a ‘**suitably qualified person**’ is an independent qualified accountant with the qualifications stated in NCTL’s Grant Funding Assurance Guidance in the Annual Grant Return.

[A **limited assurance engagement** is performed in accordance with ISAE3000. Under this type of engagement, the reporting accountant follows the scope of work set out in the grant framework and guidance and undertakes appropriate procedures to provide a limited assurance conclusion.]

‘**Underlying records**’ are the accounts, data and other working papers held by the Provider or others on its behalf supporting entries on the Annual Grant Return.

1. Introduction

The Provider is required to submit to NCTL, the Annual Grant Return as set out in Clause 2 below. The Provider appoints the independent reporting accountants to perform the procedures set out in NCTL’s Grant Assurance Guidance and as set out in Clause 3 below. The independent reporting accountants will submit the Provider’s Annual Grant Return with their signed accountants’ report directly to the Provider (in PDF form, with each page numbered and initialled), who will forward to NCTL and copy in the reporting accountants at the same time. The final Annual Grant Return remains the responsibility of the Provider. These terms of engagement set out the basis on which the reporting accountants will perform their limited assurance engagement.

2. The Provider’s responsibilities

- 2.1. The Provider is responsible for completing the Annual Grant Return, maintaining proper records complying with the terms of any legislation or regulatory requirements and NCTL’s grant funding agreement, and providing relevant information to NCTL and the reporting accountants on a basis in accordance with NCTL’s requirements. The Provider is responsible for ensuring that the non-financial records can be reconciled to the financial records and the accuracy of the Annual Grant Return, and meeting the requirements of NCTL’s grant funding agreement.
- 2.2. The management of the Provider will make available to the reporting accountants all records, correspondence, information and explanations that the accountants consider necessary to enable the accountants to perform the accountants’ work.
- 2.3. The Provider accepts that the ability of the reporting accountants to perform their work effectively depends upon the Provider providing full and free access to the financial and other records and the Provider shall procure that any such records

held by a third party as are necessary for the purposes of the reporting accountants work are made available to the accountants.

- 2.4. The failure by the Provider to meet its obligations may cause the reporting accountants to be unable to perform certain procedures, which will be set out in the reporting accountants' report.
- 2.5. The Senior Officer is responsible for the completion of the Annual Grant Return in accordance with the NCTL grant funding agreement and relevant guidance and for ensuring that the information in the Annual Grant Return is accurate.
- 2.6. The Senior Officer will provide management representations as requested by the reporting accountant.

3. Scope of the reporting accountants' work

- 3.1. The Provider will provide the reporting accountants with such information, explanations and documentation that the accountants consider necessary to carry out their responsibilities. The reporting accountants will seek written explanations and representations from management where the specified procedures require the testing of matters for which independent corroboration is not available. The reporting accountants will also seek confirmation that any significant matters of which the accountants should be aware have been brought to the accountant's attention.
- 3.2. The reporting accountants will carry out a limited assurance engagement in accordance with ISAE3000 on the Annual Grant Return as set out in the NCTL Grant Funding Assurance Guidance on the Annual Grant return and will produce a limited assurance report in the form set out in Appendix X to the separate engagement letter between the Provider and reporting accountant and in accordance with Clause 4 below.
- 3.3. While the reporting accountants will perform their work with reasonable skill and care, the accountants' work should not be relied upon to disclose all misstatements, fraud or errors that might exist.

4. Form of the accountant's report

- 4.1 The reporting accountants' report is to be prepared on the following bases:
 - 4.1.1. The reporting accountants' report is prepared solely for the confidential use of the Provider and solely for the purpose of submission to NCTL in connection with the NCTL requirements set out in 'NCTL's Grant Funding Assurance Guidance on the Annual Grant Return. They may not be relied upon by the Provider for any other purpose;
 - 4.1.2. Without imposing on the reporting accountants any duty or responsibility (assuming or being perceived as assuming) and without imposing or accepting any liability to anyone except the grant recipient, the reporting accountants acknowledge that the Provider will share the report with others who demonstrate statutory rights of access to the report;
 - 4.1.3. Neither the grant recipient, nor others may rely on any oral or draft reports the reporting accountants provide. The reporting accountants

accept responsibility to the Provider for the accountant's final signed report only;

- 4.1.4. The report will be prepared solely for the confidential use of the grant recipient, and solely for the purpose of facilitating the Annual Grant Return in accordance with NCTL's Grant Funding Assurance Guidance. The report shall not be copied, referred to or disclosed, in whole (save as otherwise permitted by agreed written terms), without the reporting accountants' prior written consent, except where there is a legal or statutory right of access. Without assuming or accepting any responsibility or liability in respect of the report to any party other than the [grant recipient], we acknowledge that the Provider may be required to disclose this report to parties demonstrating a statutory right to see it, to enable such parties to exercise their statutory rights of access to this report. and
- 4.1.5. To the fullest extent permitted by law, except for the grant recipient, the firm of reporting accountants, its partners and staff neither owe nor accept any duty to any person (including, without limitation, any person who may use or refer to any of NCTL's publications) and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on the reporting accountants' work or reports.

5. Liability provisions

- 5.1 The reporting accountants will perform the engagement with reasonable skill and care and accepts responsibility to the Provider for losses, damages, costs or expenses ('losses') caused by its breach of contract, negligence or wilful misconduct, subject to the following provisions:
 - 5.1.1 The reporting accountants will not be responsible or liable if such losses are due to the provision of false, misleading or incomplete information or documentation or due to the acts or omissions of any person other than the reporting accountants, except where it would have been reasonable for the accountants to discover such defects in the course of performing their work within the scope set out in these terms of engagement.
 - 5.1.2 The reporting accountants accept liability without limit for the consequences of their own fraud and for any other liability which it is not permitted by law to limit or exclude.
 - 5.1.3 Subject to the previous paragraph (5.1.2), the total aggregate liability of the accountant whether in contract, tort (including negligence) or otherwise, to the grant recipient, arising from or in connection with the work which is the subject of these terms (including any addition or variation to the work), shall not exceed the amount of [£X – *subject to local flexibility to be agreed with the grant recipient, each*

Firm will have varying caps]. The reporting accountants shall maintain professional indemnity insurance cover commensurate with a claim of this size and nature.

- 5.2 The Provider agrees that they will not bring any claims or proceedings against any individual partners, members, directors or employees of the reporting accountants. This clause is intended to benefit such partners, members, directors and employees who may enforce this clause pursuant to the Contracts (Rights of Third Parties) Act 1999 ('the Act'). Notwithstanding any benefits or rights conferred by this agreement on any third party by virtue of the Act, the parties to this agreement may agree to vary or rescind this agreement without any third party's consent. Other than as expressly provided in these terms, the Act is excluded.
- 5.3 Any claims, whether in contract, negligence or otherwise, must be formally commenced within 2 years after the party bringing the claim becomes aware (or ought reasonably to have become aware) of the facts which give rise to the action and in any event no later than 4 years after relevant report was issued (or, if no report was issued, when the accountant accepted the engagement in writing). This expressly overrides any statutory provision, which would otherwise apply.
- 5.4 This engagement is separate from and unrelated to the reporting accountants' audit work on the financial statements of the Provider or any other work or reviews of the Provider for the purposes of any applicable statutory or regulatory or other auditing framework and nothing herein creates obligations or liabilities regarding the reporting accountants' audit work or audit reports which would not otherwise exist.

Appendix 2: Illustrative Independent Accountants Report

Independent Accountants Report of the Annual Grant Return for Financial Year [20XX-XX]¹

This report is to be reproduced on the reporting accountant's letterhead

- (i) [Insert name/address of the Provider]
- (ii) [Insert name/address of the independent reporting accountant if not already included in the letterhead]

This report is produced in accordance with the terms of our engagement letter dated [XX] for the purpose of reporting to [name of Provider] ('the Provider') on the attached Annual Grant Return in respect of the monies received from the National College of Teaching and Leadership ('NCTL') under its Grant Funding Agreement dated X in respect of the Annual Grant Return for the period ended [date] [and in accordance with the terms of our engagement letter dated [date] (attached hereto)].

Our report is prepared solely for the confidential use of [insert name of grant recipient] and solely for the purpose of facilitating the Annual Grant Return. This report is released to [name of Provider] on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than [name of Provider], we acknowledge that [name of Provider] is required to disclose this report to NCTL or other parties demonstrating a statutory right to see it, to enable NCTL and such other parties to exercise statutory rights of access to this report.

This report is designed to meet the agreed requirements of [name of Provider] and particular features of our engagement determined by [name of Provider]'s needs at the time. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against [name of accountant] for any purpose or in any context. Any party other than [name of Provider] which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, [name of accountant] will accept no responsibility or liability in respect of this report to any other party.

[Our audit work on the financial statements of [name of the Provider] is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. This engagement will not be treated as having any effect on our separate duties and responsibilities as [the Provider]'s external auditors. Our audit report on the financial statements is made solely to [Provider]'s as a body, in accordance with [relevant audit framework]. Our audit work has been undertaken so that we might state to [the Provider]'s those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or

¹ The Annual Grant Return (and where appropriate), the accounts of the Provider to be attached to the independent accountants report (in both excel and pdf format and each page to be numbered and initialled by the reporting accountant)

assume responsibility to anyone other than [Provider] and, for our audit work, for our audit reports, or for the opinions we have formed.

Responsibilities of the [Trustees/Senior Officer] of the [name of Provider]

The Trustees/Senior Officer are responsible for ensuring that the Provider maintains accounting records which disclose with reasonable accuracy, at any time, the financial position of the Provider, and in respect of the Annual Grant Return the [Trustees/Senior Officer] are responsible for compiling the returns in accordance with the Grant Funding Agreement, ensuring that only eligible items are included in the Annual Grant Return and for ensuring that all terms of the Grant Funding Agreement have been complied with or varied in writing with the NCTL. It is also [the Trustees/Senior Officers] responsibility to extract relevant financial information from the [name of Provider's] accounting records, to make the calculations specified in the grant offer letter, and to provide relevant financial information to NCTL.

Responsibilities of [name of reporting accountants]

Our responsibility is to express an independent limited assurance conclusion to [name of the Provider] based on the procedures performed and evidence obtained, as to the preparation of the Annual Grant Return, in all material respects, in accordance with NCTL's Grant Funding Assurance Guidance on the Annual Grant Return.

Our approach

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. That Standard requires that we obtain sufficient, appropriate evidence on which to base our conclusion.

We comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and we apply International Standard on Quality Control (UK and Ireland) 1 *Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements*. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

We have fulfilled our ethical responsibilities, and we remain independent of the Provider in accordance with the ethical requirements that are relevant to the engagement, including the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

For the purpose of the engagement we have been provided by the [Trustees/Senior Officer] with the enclosed Annual Grant Return showing the eligible expenditure and the necessary calculations in accordance with the Grant Funding Agreement, which is attached as Appendix [] to this report. The [Trustees/Senior Officer] remain[s] solely responsible for the Annual Grant Return.

The objective of a limited assurance engagement is to perform such procedures as to obtain sufficient appropriate evidence to obtain a meaningful level of assurance over the

Annual Grant Return as a basis for our limited assurance conclusion. The procedures selected depend on our judgement, on our understanding of the Annual Grant Return and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

The procedures performed were [reporting accountants to add as appropriate, example wording could include]:

- [conducting interviews with management to obtain an understanding of the systems and controls used to prepare the Annual Grant Return
- Examining and testing the systems and processes in place to prepare the Annual Grant Return;
- Agreeing a sample of amounts received from NCTL as declared in the Annual Grant Return to underlying records such as payment profile/remittance advice notes from NCTL;
- Agreeing a sample of the expenditure declared in the Annual Grant Return to invoices/other supporting documentation such as the NCTL funding manual and evidence of payment;
- Agreeing a sample of trainees for whom funding has been claimed for NCTL in the Annual Grant Return to trainee records and/or course attendance registers;
- Agreeing a sample of funded fixed assets to grant offer letters and bank payments;
- Agreeing a sample of debtors and creditors to supporting documentation such as [state what is appropriate for the balance reported]; and
- Checking the arithmetical accuracy of the Annual Grant Return]

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

Specific limitations to our work are as follows:

- For the expenditure declared in the Annual Grant Return, we agreed a sample of expenditure declared to invoices / other supporting documentation (for example [bursary award letters, payroll records, the NCTL funding manual etc [reporting accountants to tailor as appropriate]] and evidence of payment but we did not otherwise check the receipt of the underlying goods or services by the Grant Recipient nor did we test whether any of the Provider's other expenditure not included in the Annual Grant Return related to NCTL funding;
- In testing the income declared in the Annual Grant Return, we agreed a sample to underlying records such as payment profile / remittance advice notes from NCTL but we did not otherwise test whether any of the Provider's other cash receipts not included in the Annual Grant Return related to NCTL funding programmes.

[Basis for [qualified/adverse] conclusion]

[list here any errors/reservations identified during the course of our work]

Conclusion

Based on the procedures performed and evidence obtained, and subject to the inherent

limitations set out above, nothing has come to our attention that causes us to believe that the enclosed Annual Grant Return has not been prepared in all material respects in accordance with NCTL's Grant Funding Agreement.

or

[Qualified conclusion]

Except for the effects of any errors or reservations noted in the basis for qualified conclusion paragraph above, based on the procedures performed, and subject to the inherent limitations set out above, nothing has come to our attention that causes us to believe that the enclosed Annual Grant Return has not been prepared in all material respects in accordance with NCTL's Grant Funding Agreement.

Or

[Adverse conclusion]

Based on the procedures performed and evidence obtained, and subject to the inherent limitations set out above, because of the significance of the matters described in the basis for adverse conclusion paragraph above, the Annual Grant Return] has not been prepared in all material respects in accordance with NCTL's Grant Funding Agreement.

Yours faithfully

Signed by an independent reporting accountant authorised to sign in their own right or on behalf of their firm	
Date	
Signature	
Name and qualification of independent reporting accountant or equivalent (please print)	
Name of firm (if appropriate)	



National College for
Teaching & Leadership

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