



Education & Skills
Funding Agency

Submitting your audited financial statements

Guide for all academy trusts

October 2018

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Introduction

This guide explains how to submit your academy trust's audited financial statements and auditor's management letter to the Education and Skills Funding Agency (ESFA). This includes completing an online form – the accounts submission coversheet – first introduced in 2014.

It is important that you provide us with accurate information on the coversheet. We use the information you provide from your audited financial statements and auditor's management letter to understand any significant issues faced by your trust and by the sector more widely. This is part of our assurance framework for the use of public money.

We expect additional benefits for you: as well as being able to provide more timely feedback on our findings, both to your trust and to the sector more widely, you may find a saved copy of your submitted coversheet useful to give to your board of trustees as it provides a useful summary and highlights key areas of interest.

We have included a small number of questions to get a better understanding of what approaches trusts take to governance, financial planning, monitoring, support and challenge. The information we collect will inform how we can better work with you to improve what we offer and to what extent the current tools, products and deals are being used.

Academies accounts direction requirements

The [Academies Accounts Direction](#) sets out what is expected from academy trusts. This includes:

- what documents must be submitted
- what information these documents must include
- which trusts are in scope
- the submission timetable

Submission arrangements

We have retained the same submission process as last year and you will be able to submit your audited financial statements and auditor's management letter on the accounts submission coversheet itself. This will make it easier and quicker for trusts to submit these documents in one place. It means that trusts are no longer required to access ESFA's Document Exchange to submit their documents.

You should submit your coversheet, audited financial statements and auditor's management letter at the same time and by the deadline of 31 December 2018.

Please note that your audited financial statements are not the same as your [accounts return](#), details about which have now been published.

Accounts submission coversheet

You will need to complete an [accounts submission coversheet](#) and upload your trust's audited financial statements and auditor's management letter on the coversheet. You will need to have your audited financial statements and auditor's management letter to hand when completing it. Further guidance on how to complete the coversheet is set out [below](#).

Part 1: accounts submission coversheet access and navigation

Before you access the coversheet

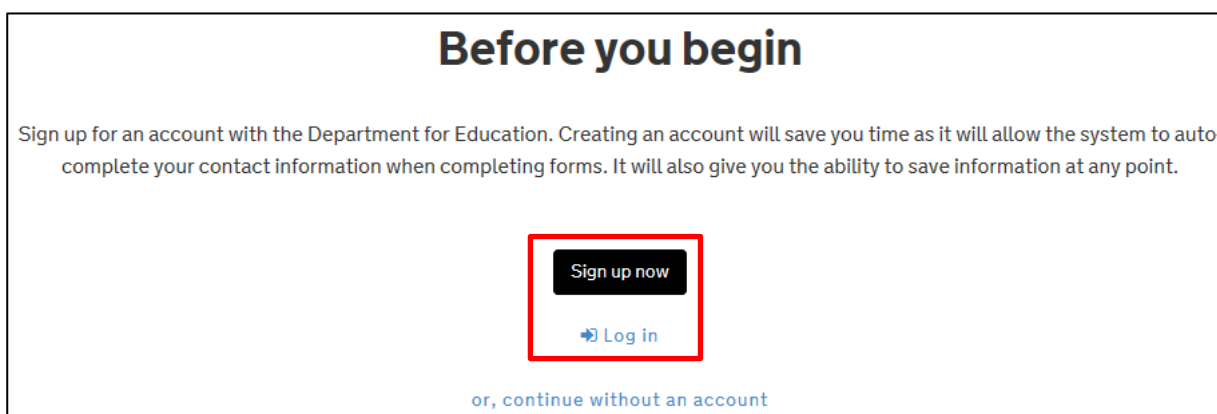
Ensure your web browser (the software you use to access the internet) is the latest version available. Using an outdated browser may mean the coversheet will not display correctly. You can find more information on upgrading your browser on gov.uk/help/browsers.

Access

You can access the coversheet from the [Academies Accounts Direction](#) page.

Registering and logging in

If you have not previously used one of our online forms, then the first time you access the accounts submission coversheet you should register and log in. You will need to create a password when you register through 'Sign up now'.



Although we would not recommend doing so, you can complete and submit the form without an account. If you choose this option, you will not be able to save your progress.

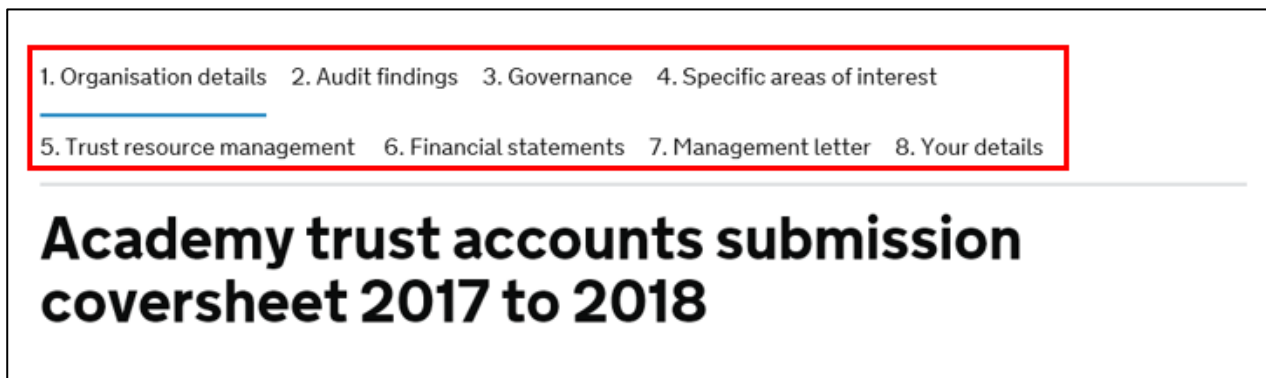
Moving around the coversheet

You can use the tab key on your keyboard to move to the next question once you have completed your response, or you can click through the form using your mouse.

To make sure you do not lose any information when moving between sections, you should fill in each section in sequence and select 'Continue' when complete.



You should not use the back arrow in your browser. You can also move between sections by selecting the appropriate tab at the top of the screen.



Occasionally, when information is processing / uploading, you may experience some delay in moving from screen to screen. Please wait for the screen to load; you will receive an error message if there is a problem.

Exiting the coversheet

If you have logged on you can exit the coversheet at any time before submission. You will have to use your login details when you re-enter the system, but the information you have entered will be saved and you can continue completing the coversheet. If you have completed the coversheet without registering and logging in, you will not be able to save your progress.

If you wish to exit the coversheet without saving, close the browser window.

Part 2: Completing the coversheet

Overview

The coversheet has 8 sections:

1. Organisation details
2. Audit findings
3. Governance
4. Specific areas of interest
5. Trust resource management
6. Uploading your financial statements
7. Uploading your management letter
8. Your details

The coversheet has been designed to be straightforward and intuitive, with help text and images from the online form provided throughout this guide. However, you may need to refer to the notes below when completing each section.

To make the process more efficient for you, please round financial numbers to the nearest thousand, and do not use commas, noughts or pound signs, for example, '£50,131' should be entered as '50'.

1. Organisation details

This section identifies your organisation using the company number. It also asks for the name of your audit firm.

Company number

You can get this from the front page and / or balance sheet page of your accounts. You can also search [Companies House](#) using their beta site or free WebCheck service. Ensure there are no spaces either before or after when you input your company number.

On entering your company number, you must click the button 'Search for organisation' to autofill the name of your academy trust.



The image shows a screenshot of a search form. It consists of a white rectangular input field at the top, and a green rectangular button with the text "Search for organisation" in white, located below the input field. The entire form is enclosed in a black border.

You should check the organisation name. If it is not correct, you should re-confirm your company number. In the unlikely event your organisation's name does not appear, you will need to complete ESFA's [enquiry form](#).

Name of audit firm

You can identify your audit firm's name from the 'independent auditor's report on the financial statements' in your accounts. Typing in the name of your audit firm will bring up a suggested list in alphabetical order. Keep typing the first few letters until your audit firm's name is the only one shown, and press tab or click in the next field. If your audit firm's name does not appear, complete the field with the full name and click in the next field to continue.

2. Audit findings

This section asks for information on your independent auditor's overall opinion on your accounts, findings on regularity and on any modifications to your accounting officer's statement on regularity, propriety and compliance.

Audit opinion

The auditor will give an opinion on your accounts in accordance with [International Standards on Auditing \(ISAs\)](#). You can get this from the 'independent auditor's report on the financial statements' in your accounts.

You should consult with your auditor if you are unsure which opinion has been given, or the basis of any qualification or modification.

Any opinion other than 'unqualified' would also have been raised with your trustees by your auditors. If your auditor has given anything other than an unqualified opinion then you will be prompted to tell us the nature of the qualification or modification, and underlying reason(s) from the list provided. You will also need to tell us if the auditor has noted a material uncertainty relating to going concern.

Auditor's regularity report

Any matters by exception raised by your auditor will be disclosed in the conclusion at the end of the 'independent reporting accountant's assurance report on regularity' in your accounts, as shown below. You will be prompted to tell us the reason(s) your auditors have raised regularity matters from the list provided.

Conclusion

In the course of our work, **[except for the matters listed below]** nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period **[insert the start date of the period for which the financial statements have been prepared]** to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

[Matter 1:

Matter 2:]

**'Independent reporting accountant's assurance report on regularity' – from Coketown model
(in Academies Accounts Direction)**

Statement on regularity, propriety and compliance

Any modifications to your accounting officer's statement on regularity, propriety and compliance will be identified at the end of this statement, as shown below. You will be prompted to tell us the reason(s) for any modified statements from the dropdown list provided.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

- **Financial issues**
[X]
- **Non-financial issues**
[X]

'Statement on regularity, propriety and compliance' – from Coketown model

3. Governance

This section asks for information about the internal control recommendations made in the independent auditor's management letter. It also requests information about internal scrutiny and your assurance arrangements.

Auditor's management Letter

You must enter the number of control recommendations reported by your auditor within their management letter. Where they have reported any control recommendations, you will be prompted to provide further information. If they have not reported anything then

you should enter '0'. If your auditor had made recommendations that have been reported again in this year's management letter as they were not implemented in the previous year, you need to tell us the number. If all have been implemented from the previous audit enter '0'.

You must tell us whether your auditor has assigned a priority rating to each finding. Where the auditor has applied a rating system, please tell us how many recommendations have been assigned to respective high, medium, low or equivalent priority ratings. We require this rating for both new recommendations and any recommendations carried over and / or not implemented from last year's management letter.

ESFA approval

You must also tell us whether the auditor has noted any instance where timely prior approval had not been obtained from the ESFA for relevant transactions. Sections 9.4.4 and 9.4.5 of the [Academies Accounts Direction](#) outlines where prior requests for approval are required.

If prior approval has not been obtained your auditor may recommend you seek retrospective approval. You must tell us about all transactions where timely ESFA prior approval had not been obtained, regardless of the authority that followed. You will still need to tick all the ones that apply where retrospective approval has been requested from the ESFA but not yet received, and where retrospective approval has subsequently been given.

Internal scrutiny and assurance arrangements

ESFA is seeking a greater understanding of how academy trusts meet the Academies Financial Handbook requirement around internal scrutiny. Please tell us if you have an audit committee and how you manage your programme of risk and your process for checking financial systems, controls transactions and risks.

4. Specific areas of interest

This section asks for information on specific areas of your accounts, namely severance payments, related party transactions and information in relation to your central services if you are a MAT. Please round and abbreviate all numbers to the nearest thousand, and do not use the comma, noughts or pound sign (for example, you should input £6,401 as '6').

Severance payments

HM Treasury requires ESFA to review a sample of severance payments to ensure trusts are following correct procedures prior to making such payments. The sample includes

non-statutory / non-contractual payments that require ESFA approval and those that do not require ESFA approval.

You must also tell us whether you have made any non-statutory / non-contractual severance payments during the period, irrespective of value. If so you will be prompted to tell us the total amount of non-statutory / non-contractual severance payments, the total number of individual payments, and the individual values, limited to the top five payments. You can get this information from the 'Staff' note in your accounts.

Supply staff costs	-
Staff restructuring costs	40
	3,556

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling **£15,000** (2017: £nil). Individually, the payments were: £1,000 made on (enter date), £4,000 made on (enter date), £4,000 and £6,000 made on (enter date).

Section a. of the 'Staff' note – from Coketown model (£'000)

Section b. of the 'Staff' note – from Coketown model (£'000)

You should not assume that your staff restructuring costs are entirely made up of non-statutory / non-contractual severance payments. Most severance payments to employees will include statutory / contractual elements, which must not be included. In the above example, it would be reasonable to assume that as £15,000 of the total staff restructuring costs of £40,000 is accounted for by non-statutory / non-contractual severance payments, that the balance of £25,000 is attributable to statutory / contractual elements.

Related party transactions

Our focus is on related party transactions involving expenditure by trusts. You can get this information from the 'related party transactions' note in your trust's accounts, though you may need to perform some addition of amounts to reach the figures required.

You must tell us whether you have entered into any related party transactions during the period. If you answer 'Yes' we ask you to provide the total expenditure with all related parties, and the number of expenditure transactions disclosed in your accounts. You will then be prompted to provide further details about your trust's top five expenditure transactions, namely value and if the related party is a sponsor of the trust and a description of the type of sponsor (such as private individual, company or university, etc). For those related parties that are not sponsor, we also ask for a description of the type of entity.

Expenditure Related Party Transaction

DEF Limited – a company in which Mr C J Goodyear (a trustee) has a majority interest:

- The academy trust purchased computer equipment from DEF Limited totalling £35,000 (2017: £nil) during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil)
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Goodyear neither participated in, nor influenced
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017
- The element above £2,500 has been provided 'at no more than cost' and DEF Limited has provided a statement of assurance confirming this

A typical example of an expenditure related party transaction is an academy trust purchasing goods or services, supplied by an organisation in which a director and academy trust trustee is the same individual. In the example below, we would expect you to record '35', which represents the total expenditure value for this specific related party in the period, and 'private company' as the sector.

'Related party transaction' note – from Coketown model

In completing this section, please do not include trustees' remuneration and expenses, which are dealt with under a separate note to the accounts.

Multi-academy trust (MAT) disclosure

The coversheet will automatically detect whether your trust is a MAT based on your company number. If so, you must tell us whether your MAT charges its constituent academies for central services. You will be prompted to tell us the total value of this charge. You can get this information from the 'central services' note in your trust's accounts. We will also ask you to tell us on what basis your MAT calculates the charge for central services and the services that are being provided.

We would also like to collect some information about the number of employees employed directly by your MAT's central service. Please tell us how many full time equivalent persons are employed by the central service in the respective categories.

11 Central Services

The academy trust has provided the following central services to its academies during the year:

Include list of services, such as:

- human resources
- financial services
- legal services
- educational support services
- others as arising

The academy trust charges for these services on the following basis:

Enter details, such as:

- flat percentage of income (state percentage)
- amount per pupil (state amount)
- time-apportioned (describe basis)
- other bases as arising

The actual amounts charged during the year were as follows:

	2017/ 18 £000	2016/ 17 £000
Boomtown Academy	30	30
Hopetown Academy	20	20
Newtown Academy	61	61
	<hr/> 111	<hr/> 111

‘Central Services’ note – from Coketown model

5. Trust resource management

We have included a small number of questions to get a better understanding of what approaches trusts take to financial planning, monitoring, support and challenge. The information we collect will inform how we can better work with you to improve what we offer and to what extent the current tools, products and deals are being used.

Trust financial planning

This section asks for information about your trust’s approach to medium to long-term financial planning. We would like to know if your trust plans ahead by at least 3 years and if your plans take into account your current and future capital needs in refurbishing, repairing and replacement capital items as they reach the end of their useful life.

We would like to know if your financial plans are independently reviewed and challenged by someone with a professional qualification and/or experience, such as a trustee with financial expertise, your auditor, or another academy business manager.

Staffing is the single biggest cost for trusts, and teachers are its most important resource. We would like to understand whether – and if so, how – your trust monitors the number of teachers that are required in each of its academies and how they are deployed in order to be confident that this will both meet the needs of pupil in those academies and secure the best value for money. Please provide details of any measures or performance indicators your trust uses to determine effective teacher deployment and how it uses them.

Trust financial reporting

This part seeks to collect information about how frequently your trust shares information on financial performance of the trust and its academies with trustees. We would also like to understand whether these financial reports include performance ratios, such as staff costs as a percentage of total income, and whether annual trends of the ratios are analysed.

Benchmarking

This question asks for information about when your trust last benchmarked financial indicators against other similar local academies.

DfE ‘Deals for Schools’

As part of the Department’s schools’ buying strategy, academies have access to a number of recommended deals for schools offering compliant, better value purchasing. We would like to know whether your trust used these deals in the last 12 months. Where your trust does not currently use a particular deal, we would like to understand the reason why. For each of the 7 deals where you answer that you do not currently use the deal, an additional dropdown box will appear asking for the reason. If the available options do not capture the reason, please select ‘another reason’.

6. Uploading your financial statements

Format

You must scan the signed versions of your audited financial statements and auditor’s management letter. Your audited financial statements should form one scanned file and your auditor’s management letter should form a separate scanned file.

Please check that all pages are included within both scanned files and are readable.

Document requirements

To avoid delays in processing your accounts and additional queries and follow up, it is important to use the instructions and naming conventions below.

Naming convention

Please name your documents according to our standard convention.

Naming convention – examples

The accounts direction provides model accounts for Coketown Academy Trust Limited (company number: 01234567). That trust would submit the following two documents:

- 01234567 Coketown Academy Trust 1718 FinStat
- 01234567 Coketown Academy Trust 1718 ManLet

For your audited financial statements use:

Company number Trust name 1718 FinStat

Click on the 'Browse...' button and navigate to the location where you have saved your document.

Please upload your signed, audited financial statements

Maximum file size: 40MB

Accepted file types: DOC, DOCX and PDF

Click on the document and then click 'Continue'.

6. Upload your financial statements

Please upload your signed, audited financial statements

Maximum file size: 40MB

Accepted file types: DOC, DOCX and PDF

01234567 Coketown Academy Trust 1718 FinStat.pdf

Note: The screen will fade for a short period whilst the document is uploaded. Please do not close the browser.

After clicking 'Continue' the screen will fade whilst the document is uploaded from your system to the form's server. This may take several seconds depending on the upload speed of your internet connection and the size of the document. Please do not close your browser during this time.

7. Uploading your management letter

For the auditor's management letter use:

Company number Trust name 1718 ManLet

Click on the 'Browse...' button and this will take you to where you have saved your document.

Please upload your auditor's management letter

The auditor's management letter is the letter from your auditor to those responsible for governance detailing the findings of the audit and any recommendations arising.

Maximum file size: 40MB

Accepted file types: DOC, DOCX and PDF

Click on the document and then click 'Continue'.

7. Upload your management letter

Please upload your auditor's management letter

The auditor's management letter is the letter from your auditor to those responsible for governance detailing the findings of the audit and any recommendations arising.

Maximum file size: 40MB

Accepted file types: DOC, DOCX and PDF

01234567 Coketown Academy Trust 1718 ManLet.pdf

Note: The screen will fade for a short period whilst the document is uploaded. Please do not close the browser.

After clicking 'Continue' the screen will fade whilst the document is uploaded from your system to the form's server. This may take several seconds depending on the upload speed of your internet connection and the size of the document. Please do not close your browser during this time.

8. Your details

This section asks for details of the person submitting the coversheet and their role in the trust in case we need to contact you with queries. This does not have to be the accounting officer.

Name and role of accounting officer

Where the person completing the form is not the accounting officer, please add the first name and surname of your accounting officer in the box provided and select their most appropriate role from the drop down list provided, usually your trust's principal or chief executive. If you are not sure, you can get this from the 'governance statement' in your accounts. The name of your accounting officer should correspond to the governance information you have submitted to DfE's ['Get Information About Schools'](#) service (formerly known as Edubase).

Where the accounting officer has not completed the coversheet, we require confirmation that the accounting officer has been sighted on the information being submitted.

Declaration

You must confirm that you have completed the coversheet to the best of your knowledge.

Submitting the coversheet

At the bottom of this section, you have the option to submit the coversheet and access a printable version. If you need a draft version of the coversheet before you submit, click the 'Printable Version' button and print / save a copy.

Confirmation of receipt

Following submission, you will receive a confirmation email. This will include a PDF copy of your coversheet. Depending on the level of internet traffic, there may be a slight delay in receiving this email. Please also check your junk / spam email folders if appropriate.

Other considerations

These submission arrangements do not remove the requirement for you to publish your accounts on your trust's website by 31 January 2019, and to file your accounts with

Companies House no later than 31 May 2019. Further information is given in section 1.6 of the [Academies Accounts Direction](#)

Queries

If you have a technical issue with the accounts submission coversheet, please use the feedback link that is available at the top of each page. You must select the accounts submission cover from the drop-down list of online forms.

Please use ESFA's [enquiry form](#) if you have queries about submitting your accounts that have either not been answered within this guide or the [Academies Accounts Direction](#).



Education & Skills
Funding Agency

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