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[Home](#) > [Academies financial management and governance self-assessment](#)



Education & Skills
Funding Agency

Guidance

List of questions found in the FMGS online form

Updated 2 September 2019

Contents

[Introduction](#)

[Financial oversight](#)

[Financial planning and reporting](#)

[Risk management and internal control](#)

[Delegated authorities](#)

[Procurement, tendering and related party transactions](#)

[Executive pay and transparency](#)

Introduction

This document provides a list of the questions, should trusts wish to review them before accessing the online form.

The FMGS helps new academy trusts ensure compliance with the requirements of the [academies financial handbook](#). The requirements in the FMGS checklist apply from the date on which the funding agreement was signed, so new academy trusts should ideally consider an FMGS before opening their first schools.

Feedback from trusts indicates that the FMGS is a very useful tool providing helpful assurance to the board of trustees that governance arrangements meet the mandatory requirements.

Financial oversight

1. Has the board appointed, in writing, a senior executive leader? [AFH 2019: 1.24]

2. Has the trust permanently designated the senior executive leader as the accounting officer, who fully understands their role and responsibilities? **[AFH 2019: 1.25]**

3. Does the accounting officer ensure appropriate oversight of financial transactions by:

- ensuring the academy trust's property and assets are under trustees' control, with measures existing to prevent losses or misuse?
- ensuring bank accounts, financial systems and financial records are operated by more than one person?
- keeping full and accurate accounting records to support the production of annual accounts? **[AFH 2019: 1.30]**

4. Does the trust have an individual in place discharging the role of chief financial officer (CFO), with appropriate qualifications and/or experience and if applicable have all joining/existing academies been informed of who is the CFO? **[AFH 2019: 1.35]**

5. Are the trustees aware of the need to apply the highest standards of conduct, and ensure robust governance and effective financial management to comply with the trust's charitable objectives, company and charity law and their funding agreement? **[AFH 2019: 1.11 and 1.12]**

6. Does the board meet regularly enough (at least 3 times a year) to discharge their responsibilities and ensure robust governance and effective financial management? **[AFH 2019: 2.3]**

Financial planning and reporting

7. Does the trust prepare management accounts every month setting out its financial position, including an income and expenditure account, variation to budget report, cash flows and balance sheet? **[AFH 2019: 2.18 and 2.21]**

8. Are management accounts shared with the chair of trustees every month and other trustees six times a year and considered at all board meetings? **[AFH 2019: 2.19]**

9. Is the trust aware of, and have processes in place, to meet relevant deadlines for submitting financial and budgetary returns to ESFA? **[AFH 2019 2.15 and 4.4]**

10. Has the board approved a balanced budget and minuted its approval? **[AFH 2019: 2.10]**

Risk management and internal control

11. Does the trust have a process in place to manage risks, including investment risks, underpinned by a risk register, to ensure its effective operation? **[AFH 2019: 2.25 and 2.36]**

12. Has the trust prepared a contingency and business continuity plan? **[AFH 2019: 2.37]**

13. Is the trust a member of DfE's risk protection arrangement (RPA) and/or does it have alternative, adequate insurance cover? **[AFH 2019: 2.38]**

14. Has the board approved a written scheme of delegation of financial powers that maintains robust internal control arrangements and has been clearly communicated to all academies? **[AFH 2019: 2.4]**

15. Has the trust established a sound internal control framework that: maintains segregation of duties, plans and oversees capital projects, manages assets, and ensuring regularity, propriety and value for money in the organisation's activities? **[AFH 2019: 2.7]**

16. Does the trust have procedures in place for whistleblowing that is communicated to staff and which protects those who report individuals they believe are doing something wrong or illegal? **[AFH 2019: 2.41 to 2.46]**

Internal and external assurance

17. Has the trust established an audit committee (either dedicated or combined with another committee) which meets at least 3 times a year to provide assurance to the board about the suitability of, and compliance with financial systems and operational controls, and to ensure that risks are being adequately identified and managed? **[AFH 2019: 3.6 to 3.14]**

18. Does the trust have a programme of internal scrutiny, agreed by the audit committee, in place to deliver independent assurance to the board that its financial and other controls, and risk management procedures, are operating effectively? **[AFH 2019: 3.1]**

19. Is the board aware of the requirement to prepare an annual report and accounts, incorporating accounting policies, which need to be approved by them? **[AFH 2019: 4.1]**

20. Has the board agreed the appointment of an external auditor for the trust? **[AFH 2019: 4.5]**

21. Does the trust have plans in place, overseen by the audit committee, to implement findings, recommendations, and/or actions from external audit findings report, internal scrutiny reports and this FMGS return? **[AFH 2019: 3.8, 3.22 and 4.16]**

Delegated authorities

22. Does the trust have a mechanism to inform the board of trustees where ESFA requires prior approval (beyond the delegated limits, as per the Academies Financial Handbook) for:

- severance, compensation and ex-gratia payments? **[AFH 2019: 5.6 to 5.17]**
- write-offs, guarantees, letters of comfort, and indemnities? **[AFH 2019: 5.18 to 5.21]**
- acquisition and disposal of fixed assets? **[AFH 2019: 5.22 and 5.23]**
- finance leases or leaseholds/tenancy agreements on land or buildings? **[AFH 2019: 5.25]**

23. Does the trust have a mechanism to inform the board of trustees where ESFA requires prior approval for:

- novel, contentious and repercussive transactions? **[AFH 2019: 5.5]**
- borrowing? **[AFH 2019: 5.32]**

24. If applicable, where the trust pools GAG funding, does it have an appeals mechanism in place? **[AFH 2019: 5.30]**

Procurement, tendering and related party transactions

25. Does the trust have procurement controls to ensure that:

- spending has been for the purpose intended and there is probity in the use of public funds?
- spending decisions represent value for money?
- internal delegation levels exist and are applied within the trust?
- a competitive tendering policy is in place and applied, and Official Journal of the European Union (OJEU) procurement thresholds are observed?
- relevant professional advice is obtained where appropriate? **[AFH 2019: 2.28]**

26. Does the trust have in place measures to manage any conflicts of interest, including being even handed with related parties? **[AFH 2019: 5.35]**

27. Have all decision makers, including the trustees, members, local governors of academies in a multi-academy trust, and senior employees completed the trust's register of business and pecuniary interests? **[AFH 2019: 5.44]**

28. Is the trust aware that they must declare all contracts and other agreements with related parties to ESFA in advance of the transaction taking place, using

ESFA's related party transactions on-line form? **[AFH 2019: 5.40]**

29. Is the trust aware that they must seek approval for contracts and other agreements with related parties in line with the Academies Financial Handbook limits? **[AFH 2019: 5.41]**

30. Is the trust aware that they must pay no more than 'cost' for goods or services provided by persons noted in 5.48 of the AFH 2019? These services must be on the basis of an open book agreements and supported by statements of assurance, in accordance with the conditions set out in the Academies Financial Handbook? **[AFH 2019: 5.48 to 5.58]**

Executive pay and transparency

31. Do decisions about executive pay (including salary and any other benefits) follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities? **[AFH 2019: 2.30]**

32. Do senior officers' payroll arrangements meet tax obligations fully and comply with HM Treasury's guidance about the employment and contract arrangements of individuals on the avoidance of tax? **[AFH 2019: 2.33]** **33.** Has the trust published, or plan to publish, on its website:

- the trust's governance arrangements? **[AFH 2019: 2.48]**
- the relevant business and pecuniary interests of members, trustees, local governors and accounting officers? **[AFH 2019: 5.47]**
- audited annual accounts by 31 January? **[AFH 2019: 4.4]**

34. Has the board been informed of the requirement to report to ESFA any instances of fraud or theft above £5,000 against the trust, whether by employees, trustees or third parties, or where fraud is unusual or systematic in nature? **[AFH 2019: 6.10]**

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