



Audit findings report

North Hampshire Education Alliance
& QM Leisure Limited

Year ending 31 August 2024



Strictly Private & Confidential

The Board of Trustees
North Hampshire Education Alliance
Cliddesden Road
Basingstoke
Hampshire
RG21 3HF

Our ref: PAC/KHS/C-10023374
10 December 2024

Dear Trustees,

North Hampshire Education Alliance**Audit findings for the year ended 31 August 2024**

This Audit Findings Report highlights the significant findings arising from the audit for the benefit of those charged with governance. We appreciate that you may be aware of some of the matters contained in this report, however as required by International Standard on Auditing (UK) 260 we are communicating them to you formally.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) (ISAs UK), which is directed towards forming and expressing an opinion on the financial statements. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, including those in respect of the preparation of financial statements.

There is more detail in respect of the responsibilities of the auditor and those charged with governance within our engagement letter. Our standard terms and conditions can be found at <https://www.azets.co.uk/terms-of-business>.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by your team during our audit. If we can be of any further assistance, please contact Paul Creasey.

Yours faithfully,

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1. Executive summary

Significant matters relevant to our audit

This table summarises the significant matters arising from the statutory audit of North Hampshire Education Alliance for the year ended 31 August 2024 for those charged with governance.

Audit opinion	<p>We do not propose any modifications to our audit opinion which is unqualified.</p> <p>We have no matters to report regarding the adoption of the going concern basis or inadequate disclosures relating to material uncertainties.</p> <p>Our audit work is substantially complete and there are currently no matters which would require modification of our audit report.</p> <p>Following discussions at the Audit Committee on 27 November 2024, our regularity report will require modification in relation to the purchase of alcohol by the Trust.</p>
Audit approach	<p>There were no changes to our audit approach as set out to you in our letter dated 11 June 2024.</p>
Significant audit findings	<p>We have reported our significant audit findings on pages 2 to 4 and audit adjustments on page 6. The impact on the academy surplus is £nil.</p> <p>We are pleased to report that the audit progressed well from our perspective and in accordance with the agreed timetable.</p>
Audit adjustments	<p>We are required to communicate all potential adjustments, other than those considered to be clearly trivial, to management and to request that management corrects them.</p> <p>Consolidation, presentational and reclassification adjustments were proposed and accepted by management.</p> <p>Only trivial misstatements remain unadjusted.</p>
Internal controls	<p>The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.</p> <p>Our audit is, therefore, not designed to identify all control weaknesses. However, where, as part of our testing, we identify deficiencies in internal control, we have reported these to you on page 6.</p>

2. Significant audit findings

This section of our report includes a summary of significant audit findings relating to significant risk areas identified at planning and other risk areas that required special consideration or arose during the course of the audit.

Please note our risk assessments made in the absence of internal controls as required by the Auditing Standards and may therefore appear higher than expected.

Significant risk areas identified at planning

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- our risk assessment procedures identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The below table summarises conclusions in relation to significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Key risk area	Audit Approach	Conclusions
<p>Management override of controls</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.</p> <p>Risk of material misstatement: High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgements and decisions made by management; • Testing of journal entries; • Review of any unusual significant transactions. 	<p>We used data analytics software to identify significant and unusual transactions outside of our expectations.</p> <p>We have attached an Info "Overall Impact Analysis" which highlights the elevated risk journals selected for testing by the software, which indicates transactions with the highest potential for management override, please see Appendix I.</p> <p>Conclusion We have not identified any instances of management override of controls. All journals were posted for appropriate purposes.</p>

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The below table summarises conclusions in relation to significant risks of material misstatement assertion level for classes of transaction, account balances and disclosures.

Key risk area	Audit Approach	Conclusions
<p>Fraud in income recognition</p> <p>Material misstatement due to fraudulent financial reporting relating to income recognition is a presumed risk in ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements).</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • NHEA Income (Accuracy): Medium • QM Leisure Limited Income (Occurrence): Low 	<p>Procedures performed to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none"> • Review and testing of income recognition policies; • Detailed substantive testing on material revenue streams. 	<p>Grant income (including capital funding) has been agreed in full to supporting documents including grant letters, ESFA allocation tables or remittances.</p> <p>Non-grant income, including leisure centre income, was tested on a sample basis.</p> <p>No issues were noted through our testing.</p> <p>Conclusion Comfort has been gained that income is not materially misstated in the accounts.</p>
<p>LGPS asset / liability and disclosures</p> <p>There is a risk that the liability and disclosures in respect of the local government pension scheme liability may be materially misstated.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Pension Asset/Liability (Valuation): High 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Review of basis of accounting treatment (and surplus recognition criteria, as relevant) • Review of assumptions made and comparison with other academy trusts • Assessing the reasonableness of source data used (including confirmation with pension fund auditor and analytical procedures, as required) • Evaluating whether significant events that impact on liabilities have been included • Review of adjustments and comparison with the actuary's report • Review of disclosures and comparison with the actuary's report • Review of the credentials of the actuary preparing the valuation 	<p>The College is reporting a pension surplus of £211k as at 31 August 2024. Hyman Robertson have prepared an asset ceiling calculation to assess the amount of the surplus should be recognised in the financial statements. Based on this calculation, the surplus has been recognised in full.</p> <p>The assumptions that have been used in the actuarial valuation report have been reviewed, by comparison to those used by other Local Authorities across the country.</p> <p>The financial assumptions in question relate to the rate of increases in pensions and salary, discount rate and mortality rates.</p> <p>We note that most of the assumptions are equal to average with only the increase in salaries slightly above average. Most of the mortality rates are also just above average, except for Men</p>

retiring now, which is at the maximum.

We have also reviewed the disclosures presented in the financial statements. Additional disclosures have been made in connection with the treatment of the surplus.

Conclusion

LGPS surplus is appropriately recognised and disclosed in the accounts.

Other identified risks

The below table summarises conclusions in relation to other identified risks which although not considered to be significant required specific consideration during the audit or were risks otherwise identified during the course of the audit.

Identified risk of material misstatement	Audit approach	Conclusion
<p>Going Concern There is a risk that a material uncertainty related to going concern exists and that management's use of the going concern basis of preparation of the financial statements is inappropriate.</p> <p>Risk of material misstatement: Medium</p>	<p>Procedures performed to mitigate risks of material misstatement in this area included:</p> <ul style="list-style-type: none"> • Reviewing budgets/forecasts and management accounts for the next 12 months • Reviewing the management's assessment of going concern to determine whether the assumption is accurate. • Reviewing the disclosures relating to going concern in the accounts 	<p>Budgets through to 2026/27 have been prepared and submitted to the ESFA. Following this, a reforecasting exercise was undertaken by management, which included stress testing.</p> <p>Under the worst case scenario (and with no remedial action), reserves would fall below target in 2025/26 and become negative in 2026-27.</p> <p>Alongside the reforecast, details of possible remedial actions are outlined.</p> <p>We have reviewed the cash flow forecast to August 2025. Cash balances are predicted to be £1.8m at this date. The cash balance is not expected to fall below £1.8m at any point between now and August 2025, which supports the loans covenants being met.</p> <p>Conclusion We agree with the Trustees' use of the Going Concern basis in preparing the financial statements.</p>

3. Audit communication

Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the business and the needs of the users.

Accounting policies

The accounting policies used in preparing the financial statements have been deemed appropriate for the audited period.

Presentation and disclosures

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the entity. We identified a number of reclassification adjustments and some minor presentational issues in the Group, and these have all been amended by management.

Overall, we found the disclosed accounting policies, significant accounting estimates and the overall disclosures and presentation to be appropriate.

Fraud and suspected fraud

We have previously discussed the risk of fraud with management. We have not been made aware

of any incidents in the period nor have any incidents come to our attention as a result of our audit testing.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose. In the event that the directors wish to obtain enhanced assurance with regard to the effectiveness of internal control in preventing and detecting fraud we should be happy to provide additional services.

Written representations

We will present the final letter of representation to the Board to sign at the same time as the financial statements are approved.

Related parties

We are not aware of any related party transactions which have not been disclosed.

Confirmations from third parties

All requested third party confirmations have been received.

4. Misstatements

Unadjusted audit differences

At the end of the audit, on trivial differences remain unadjusted.

5. Internal controls

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our audit is, therefore, not designed to identify all control weaknesses and the matters reported below are limited to those deficiencies that we have identified during the audit.

Control weaknesses and recommendations

Control weaknesses and recommendations identified from our current year work are summarised below. The control weaknesses are categorised into three risk ratings as shown in the key.

Key

1. Significant deficiency
2. Other deficiency
3. Other observations

Table of control weaknesses and recommendations

Risk rating	Control weakness identified	Implication	Recommendation	Management Response
1	Alcohol for sale through QML has been purchased by NHEA.	This is a breach of clause 2.32 of the Academy Trust Handbook 2023.	That alcohol purchases for QML are made directly through the QML bank account.	In the last few months, we have made efforts to segregate QML funds from the Trust funds by streamlining income receipts into their respective bank accounts. As part of this exercise, the next step in progress with our Bank is the application of a new purchasing card that is linked to the QML account. Going forward, all alcohol purchases will be made using QML's own purchasing card using funds available in its own bank account.

2	The Trust has a capitalisation threshold of £750 for a single item, with no documented threshold for groups of items.	In our experience, this threshold is low for a Trust.	To consider revising the capitalisation threshold for single items and introducing a threshold for groups of items purchased together.	We will review and revise the threshold to £2,000 for a single item, and £5,000 for groups of items.
2	The Trust does not have an up-to-date fixed asset register, which reconciles to the accounting system.	The Trust does not have a comprehensive register of fixed assets owned.	That a new fixed asset register be collated and maintained.	Collating a new fixed asset register will be undertaken as part of implementation of our new finance system early next year.
3	The Trust is planning to replace its accounting software in April 2025.	The functionality of the current system is limited and does not support the work of the Finance team as well as it should.	That the software replacement take place as planned.	Noted.

6. Independence and ethics

In accordance with our profession's ethical requirements and further to our audit planning letter issued confirming audit arrangements there are no further matters to bring to your attention in relation to our integrity, objectivity, and independence.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

Audit and non-audit services

The following services were provided in the year to 31 August 2024:

Audit services	Fees 2024 £
Statutory audit - NHEA	17,750
Statutory audit – QM Leisure Limited	5,500
Regularity review	1,250
Total audit services	24,500

Non-audit service	Fees 2024 £	Type of threat	Safeguard
Teachers' Pension Scheme	1,000	Self-review	Performed by a team separate from that of the audit team.
Academies Accounts Return review	1,400	Self-review	Performed by a team separate from that of the audit team.
Corporation Tax Return – QM Leisure Limited	750	Self-review	Performed by a team separate from that of the audit team.
Financial statements preparation - NHEA	2,050	Self-review	Performed by a team separate from that of the audit team.
Financial statements preparation – QM Leisure Limited	1,300	Self-review	Performed by a team separate from that of the audit team.

7. Emerging Issues (for information only)

Digital and technology standards

Trusts should refer to the DfE's digital and technology standards, which were developed to support trusts in making more informed decisions about technology.

Cyber incidents and attacks have significant operational and financial impacts on schools and colleges. These incidents or attacks will often be an intentional and unauthorised attempt to access, change or damage data and digital technology. They could be made by a person, group, or organisation outside or inside the school or college and can lead to:

- safeguarding issues due to sensitive personal data being compromised
- impact on student outcomes
- a significant data breach
- significant and lasting disruption, including the risk of repeated future cyber incidents and attacks, including school or college closure
- financial loss
- reputational damage

The DfE's standards on filtering and monitoring will help schools and colleges to reduce risks related to a cyber incident by preventing access to potentially malicious sites or resources.

Throughout these standards they refer to:

- hardware, software and digital services that are connected to the internet or network as digital technology
- in-house or third-party support as IT support

Visit the DfE's standards page for more details on how to use the standards to help your school or college meet their digital technology needs. Meeting digital and technology standards in schools and colleges - Guidance - GOV.UK (www.gov.uk)

Cyber crime

Academy trusts must also be aware of the risk of cybercrime, put in place proportionate controls and take appropriate action where a cyber security incident has occurred. Trusts should take appropriate action to meet DfE's cyber security standards, which were developed to help them improve their resilience against cyber-attacks.

Financial planning

The board of trustees **must**:

- ensure that financial plans are prepared and monitored, satisfying itself that the trust remains a going concern and financially sustainable
- take a longer term view of the trust's financial plans consistent with the requirement to submit three-year budget forecasts to ESFA
- set a policy for holding reserves, and explain it in its annual report, **including a clear plan for managing reserves.**

Electric Vehicle (EV) Salary Sacrifice Schemes

Academy trusts **must** approach ESFA to seek approval for the following transactions:

- entering into a new electric vehicle salary sacrifice scheme
- accepting any further employees onto an existing electric vehicle salary sacrifice scheme.

You must contact ESFA early in the planning stage, both in relation to new schemes and accepting further employees onto existing schemes.

Internal scrutiny

All trusts **must** deliver internal scrutiny in the way most appropriate to its circumstances. Options include any combination of:

- an in-house internal auditor
- a bought-in internal audit service
- the appointment of a non-employed trustee
- an independent peer review by the chief financial officer from another academy trust.

Trusts with an annual revenue income over £50 million should (and from 1 September 2025 **must**) deliver internal scrutiny using any combination of the following:

- an in-house internal auditor
- a bought-in internal audit service

All trusts, regardless of income levels, may also use other individuals or organisations where specialist non-financial knowledge is required.

To ensure those carrying out the programme of internal scrutiny work are suitably qualified and/or experienced:

- auditors should be members of a relevant professional body
- trustees and peer reviewers performing the work should have appropriate qualifications and/or experience relevant to the area being reviewed.

Trusts should work towards this position where it is not already the case.

The trust must keep its approach to internal scrutiny under review. If it changes in size, complexity or risk profile, it should consider whether its approach remains suitable.

Leasing

Under UK financial reporting standards applicable to academy trusts, there are 2 types of lease:

- finance leases: these are a form of borrowing
- operating leases: these are not borrowing.

Trusts **must** obtain ESFA's prior approval for the following leasing transactions:

- taking up a finance lease on any asset not on the DfE approved list for any duration from another party, which are subject to the borrowing restrictions described below
- taking up a leasehold or tenancy agreement on land or buildings from another party for a term of 7 or more years
- granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

Other than the these, trusts do not require ESFA's approval for operating leases.

Trusts must ensure any lease maintains the principles of value for money, regularity and propriety. Trusts should seek advice from their professional adviser or external auditor if they are in doubt over whether a lease involves borrowing.

Borrowing

Academy trusts must obtain ESFA's prior approval for borrowing (including overdraft facilities, but excluding finance leases on the DfE approved list) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, regardless of the interest rate chargeable. Credit cards must only be used for business expenditure, and balances cleared before interest accrues.

Permission for borrowing is only allowed in exceptional circumstances, such as schemes introduced by the Secretary of State for Education - for example, the department's Condition Improvement Fund.

Notice to Improve - update

Where DfE or ESFA has concerns about financial management or governance in an academy trust, the department may issue, and publish, a Notice to Improve (Ntl).

Examples of when a Ntl may be issued on financial management grounds include:

- an actual or projected deficit
- cash flow problems
- insolvency risk
- irregular use of public funds
- poor internal scrutiny
- breaches of related party requirements

Examples of when a Ntl may be issued on governance grounds include:

- the trust board not being properly constituted
- trustees failing to comply with their safeguarding duties
- trustees lacking the skills, knowledge and experience to exercise effective oversight of the trust's operations and performance, including educational performance
- ***trustees and the executive failing to manage their school estate and maintain it in a safe working condition strategically and effectively.***

A Ntl describes what a trust must do to address concerns about financial management or governance. The trust must comply with the Ntl. Failure to comply will be deemed a funding agreement breach. The funding agreement may be terminated due to non-compliance with a Ntl.

If a Ntl is issued, the delegated authorities may be revoked, and all transactions of this nature must be approved in advance by ESFA, specifically:

- special staff severance payments
- compensation payments
- writing off debts and losses
- entering into guarantees, indemnities or letters of comfort
- disposals of fixed assets beyond any limit in the funding agreement
- taking up a leasehold or tenancy agreement on land or buildings of a duration beyond any limit in the funding agreement
- carry forward of unspent GAG from one year to the next beyond any limit in the funding agreement
- pooling of GAG

The trust may also be prevented from entering into transactions with related parties without approval. These delegated authorities shall be returned once the Ntl has been complied with, and improvement is sustainable.

The department will notify the trust of the date on which the department has published the Ntl. The trust must then publish the Ntl on its own website within 14 days and retain it on the website until the Ntl is lifted by the department.

ESFA good practice guidance

The ESFA have issued a number of good practice guides. They do not replace or modify any requirements set out in the Academy Trust Handbook and the Academies Accounts Direction. They aim to provide suggestions about good practice.

Currently the following is available as a good practice guide:

- Streamlined Energy and Carbon reporting
- Operating an academy trust as a going concern
- Choosing an external auditor for an academy trust
- External audit procurement key information
- Academy trust reserves
- Academy trust deficit recovery
- Academy trust risk management
- Leasing guidance for academy trusts
- Academy trust management accounting
- Internal scrutiny in academy trusts
- Academy trust management letters
- External audit preparation checklist for academy trust guidance
- External audit preparation checklist
- Tendering 'jargon busting' guide for academy trusts
- Local Government Pension Scheme

8. Related party checklist

The ESFA have issued a checklist of consideration in relation to related parties. This checklist will help academy trusts consider if transactions with a related party:

- are justifiable
- are conducted fairly and transparently
- can withstand scrutiny

Using this checklist is optional.

If you are unsure if a transaction is with a related party, you should seek expert advice.

Using the checklist

To use the checklist, you should answer 'yes' or 'no' to each question.

There is space at the end of each section to make notes.

On completion of the checklist, you should review your responses to ensure they are correct, and to determine if you need to take any further action.

Purpose of the transaction

Question	Answer
Is the transaction necessary?	Yes or No
Is the transaction in the best interests of the academy trust and is there documented evidence to support this?	Yes or No
Could the transaction: <ul style="list-style-type: none">• compromise the integrity of the academy trust?• cause reputational damage?• cause unnecessary risk or challenge?	Yes or No
Could the transaction be considered novel, contentious, or repercussive?	Yes or No

Comments

Add comments here to support your answers.

Decision making and transparency

Question	Answer
Was a party with a conflict of interest involved in the decision-making process?	Yes or No
Has the conflict of interest and actions taken to mitigate it been recorded in the board or committee meeting minutes?	Yes or No

Question	Answer
Is the conflict of interest documented in the academy trust's register of interests?	Yes or No
Is the register of business and financial interests for members, trustees, local governors, and accounting officers published on the academy trust's website?	Yes or No
Have alternative suppliers or options been considered?	Yes or No
Have all decisions regarding the transaction been documented appropriately?	Yes or No

Comments

Add comments here to support your answers.

Procurement: value for money

Question	Answer
Was a party with a conflict of interest involved in the decision-making process?	Yes or No
Have similar goods or services been compared (for example, by benchmarking or obtaining quotes from other suppliers) and are the costs proportionate?	Yes or No
Has a value for money assessment been conducted?	Yes or No
Does the academy trust have a competitive procurement policy in place? Is it incorporated into the academy trust's financial framework or procurement policy?	Yes or No

Comments

Add comments here to support your answers.

Procurement: 'at cost'

This section applies to transactions with a person or organisation set out in the 'at cost' requirements in the [Academy trust handbook](#).

Question	Answer
Is the transaction provided 'at cost' save for the £2,500 de minimis?	Yes or No
Have the goods or services been procured through open and fair process? If so, what process was used?	Yes or No
Are the goods or services supported by a statement of assurance ?	Yes or No
Are the goods or services on the basis of an open book agreement?	Yes or No

Comments

Add comments here to support your answers.

Alignment with your academy trust's own policies and its scheme of delegation

Question	Answer
Have you followed your academy trust's procurement, recruitment, or other relevant policies?	Yes or No
Have you followed your academy trust's scheme of delegation?	Yes or No

Comments

Add comments here to support your answers.

Adherence to statutory and regulatory requirements

Question	Answer
Is the transaction above public contract thresholds? If so, has the contract been advertised on the Find a Tender service ?	Yes or No
Could the transaction be considered a subsidy?	Yes or No
Has the transaction been reported to ESFA in advance of the contract or agreement commencing? (This does not apply to salaries and other payments made to individuals under a contract of employment through the academy trust's payroll).	Yes or No
Has ESFA approval been sought if the transaction exceeds £40,000 or where it is novel, contentious or repercussive? (This does not apply to transactions with some schools as set out in the Academy trust handbook or with the religious authority of an academy trust that is providing services relating to the academy trust's religious character and ethos).	Yes or No

Comments

Add comments here to support your answers.

Off payroll

Question	Answer
Is there transparency regarding the appointment of an off-payroll Accounting Officer (AO) or Chief Financial Officer (CFO) from a related party?	Yes or No

Comments

Add comments here to support your answers.

Donations

Question	Answer
Has the academy trust previously received a donation from the related party? If so, were any conditions attached?	Yes or No

Comments

Add comments here to support your answers.

9. MUSTS as set out in the Academies Trust Handbook 2024

These are the requirements in the Academy Trust Handbook brought together into one list: the ‘musts.’ It abbreviates these requirements and so cannot be used as a substitute for the full handbook. References to the relevant sections are included, which must be read in full. This tool is an entirely optional resource, and there is no requirement to submit it to ESFA.

Para	Requirement	Status: In place & fully compliant/ Working towards/ Not in place	Comments and action to take
Top 10 ‘musts’ for Chairs and Other Trustees			
1.11 and 1.12	Apply highest standards of conduct and ensure robust governance, comply with charitable objects, with duties as company trustees, with charity law and the funding agreement.		
2.3	Ensure the board of trustees meets at least three times a year		
2.4	Approve a written scheme of delegation of financial powers		
2.10	Ensure the board approves a balanced budget for the financial year and minutes their approval		
2.19 and 2.20	Share management accounts with the chair of trustees monthly and consider when the board meets, taking action to maintain financial viability		
2.27 and 2.28	Ensure decisions about executive pay follow a robust evidence-based process reflecting the individual’s role and responsibilities, and that the approach to pay is transparent, proportionate, and justifiable.		
3.6 to 3.13	Appoint an audit and risk committee (either dedicated or combined with another committee) to advise on the adequacy of the trust’s controls and risks.		
4.4	Submit audited accounts to ESFA by 31 December		
4.14	Ensure an appropriate, reasonable, and timely response to findings by auditors, taking opportunities to strengthen financial management and control		
5.39 to 5.59	Manage conflicts of interest, be even-handed with related parties, and ensure goods or services provided by them are at no more than cost, beyond the limits in this handbook		
Roles and responsibilities			
	Adhere to the 7 principles of public life		
1.1	Have the skills, knowledge, and experience to run the trust		
1.3	Have at least three members but should have five or more		

Para	Requirement	Status: In place & fully compliant/ Working towards/ Not in place	Comments and action to take
1.4	Have suitability checks in place for members to ensure they are not subject to a direction under section 128 of the Education and Skills Act 2008		
1.5	Not have members as employees, nor have members occupy staff roles on an unpaid voluntary basis		
1.20, 1.37 and 2.7	Ensure regularity, propriety, and value for money		
1.20	Trustees to take ownership of financial sustainability and ability to operate as a going concern		
1.23	Ensure committees contain a majority of trustees		
1.24	Not have de facto trustees or shadow trustees		
1.26	Include a review of the trust's governance structure and board composition in the governance statement when producing audited accounts for the first time		
1.27	Appoint a senior executive leader (should be principal or chief executive)		
1.28 to 1.37	Appoint an accounting officer (the senior executive leader) with responsibility for regularity, propriety, and value for money and for assuring the board about compliance with the funding agreement and handbook		
1.34	Demonstrate in the governance statement how the trust has secured value for money		
1.34 and 4.12	Include a statement on regularity, propriety, and compliance, signed by the accounting officer, in the audited accounts		
1.38	Appoint a chief financial officer to lead the finance department		
1.39	Have appropriately qualified and/or experienced finance staff		
1.41	Appoint a governance professional (clerk to the board)		
1.42	Be transparent with governance arrangements		
1.43 and 1.44	Publish the trust's governance arrangements in its governance statement and in a readily accessible form on its website		
1.45	Ensure governance documents are available for public inspection		
1.47	Arrange DBS checks as appropriate		
Main financial requirements			
2.1	Maintain robust oversight of the trust		

Para	Requirement	Status: In place & fully compliant/ Working towards/ Not in place	Comments and action to take
2.2	Take responsibility for financial affairs, stewardship of assets and use resources efficiently		
2.6	Have sound internal control, risk management and assurance processes		
2.7 and 2.25	<p>Establish a control framework that includes:</p> <ul style="list-style-type: none"> ensuring delegated financial authorities are complied with, and segregation of duties maintained co-ordinating the planning and budgeting process discipline in financial management, including managing debtors, creditors, cash flow and monthly bank reconciliations planning and oversight of capital projects including those relating to estates safety management and oversight of assets including maintenance of a fixed asset register regularity, propriety, and value for money reducing fraud and theft independent checking of controls, systems, transactions, and risks a competitive procurement procedure 		
2.8 and 2.9	Prepare and monitor financial plans to ensure the trust remains a going concern and ensure rigour and scrutiny in budget management		
2.11	Ensure budget forecasts are accurate, based on realistic assumptions and reflective of lessons learned from previous years		
2.15 and 2.16	Submit a budget forecast return to ESFA		
2.17	Notify ESFA within 14 days if proposing a deficit revenue budget for the current financial year which it cannot address after taking into account unspent funds from previous years, as this would be non-compliant with the funding agreement and this handbook		
2.18	Prepare management accounts every month.		
2.21	Manage cash position robustly and avoid becoming overdrawn		
2.22	Have a cautious approach to investments in line with the handbook principles		
2.24	Show that public funds have been used as intended by Parliament		
2.29	Publish on trust's website the number of employees whose benefits exceeded £100k, in £10k bandings		
2.30	Ensure senior employees' payroll arrangements meet HM Treasury's tax requirements		
2.31	Obtain ESFA prior approval for EV schemes unless no liability falls on the trust if an employee does not fulfil their contractual obligations with the scheme provider		

Para	Requirement	Status: In place & fully compliant/ Working towards/ Not in place	Comments and action to take
2.32	Not use trust's funds to purchase alcohol for consumption, except where it is to be used in religious services		
2.34	Charge for boarding provision in line with this handbook		
2.35 and 2.36	Manage risks, including contingency and business continuity planning and maintain a risk register. Board to retain oversight of risk and conduct a full review of risk register at least annually.		
2.37	Have adequate insurance or be a member of DfE's risk protection arrangement		
2.39	Implement reasonable risk management audit recommendations		
2.40 to 2.44	Have published procedures for whistleblowing and respond properly and fairly		
2.45	Provide ESFA or its agents with information of sufficient quality to meet funding requirements		
2.46 to 2.50	Notify DfE via Get information about schools within 14 days of changes in information about members, trustees, local governors, chair of trustees, chairs of local governing bodies, accounting officer and chief financial officer		
Internal Scrutiny			
3.1 to 3.5	Check financial and non-financial controls and risks		
3.13	Ensure information submitted to DfE and ESFA affecting funding is accurate and compliant		
3.14 to 3.17	Ensure checks are conducted by someone independent, suitably qualified, and experienced		
3.14 and 3.15	Provide internal scrutiny reports to the audit and risk committee and make the findings available to all trustees promptly		
3.19	Confirm in the governance statement which internal scrutiny option has been applied and why		
3.20	Provide annual summary of internal scrutiny to ESFA by 31 December, and provide other internal scrutiny reports on request		
Annual accounts and external audit			
4.1 to 4.4	Produce audited accounts, publish on the trust's website by 31 January and file with Companies House		

Para	Requirement	Status: In place & fully compliant/ Working towards/ Not in place	Comments and action to take
4.5 and 4.6	Appoint an external auditor in writing, for the annual accounts		
4.6	Put any additional services from the external auditor in a separate letter of engagement		
4.7	Provide in the audit contract for the removal of external auditors		
4.8	Notify ESFA immediately of the removal or resignation of external auditors, and the reasons		
4.9	Prepare information, at DfE's request, for the sector annual report and accounts		
4.13	Include a review of the accounting officer's statement on regularity, propriety, and compliance within the external auditor's remit, and address the auditor's conclusions on regularity jointly to the trust and ESFA		
4.15	Audit and risk committee to review the external auditor's plan, annual accounts, audit findings, management response and effectiveness of the external auditor and produce annual report of conclusions		
Delegated authorities			
5.1 and 5.2	Obtain ESFA's prior approval for transactions beyond the trust's delegated limits		
5.3 and 5.4	Make financial disclosures in the annual accounts in line with this handbook		
5.6	Refer novel, contentious and/or repercussive transactions to ESFA for prior approval		
5.9	For staff severance payments, consider the following before committing: <ul style="list-style-type: none"> whether the proposed payment is in the trust's interests whether payment is justified and value for money, based on a legal assessment review the level of settlement, which must be less than the legal assessment of what the relevant body (e.g., employment tribunal) is likely to award 		
5.11	Obtain ESFA's prior approval for the non-contractual/non-statutory element of a staff severance payment of £50,000 or more (gross, before deductions)		
5.12	Not accept a settlement for a staff severance payment unless satisfying the conditions in this handbook		
5.13	Obtain prior approval for special staff severance payments of £100k or more which include a non-statutory/non-contractual element, and/or where the employee earns over £150k		
5.14	Ensure confidentiality clauses do not prevent an individual's right to make disclosures in the public interest		

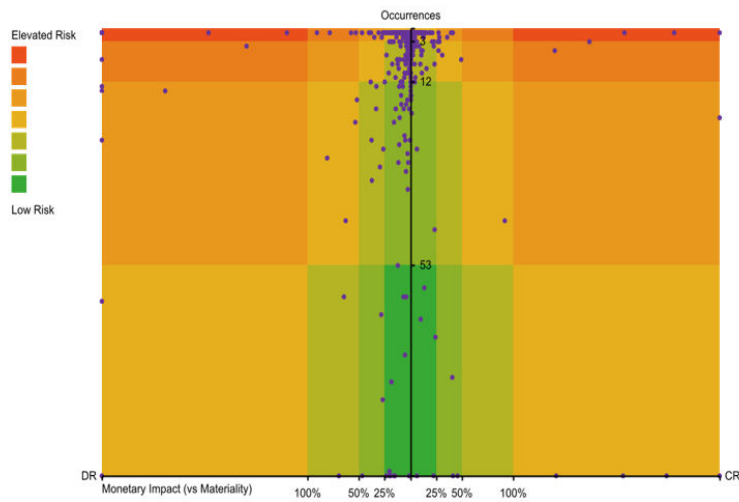
Para	Requirement	Status: In place & fully compliant/ Working towards/ Not in place	Comments and action to take
5.15	For compensation payments, base on appraisal, including legal advice, ensuring value for money		
5.16	Obtain ESFA's prior approval for non-contractual/non-statutory compensation payments of £50,000 or more		
5.18	Obtain ESFA's prior approval for ex gratia payments		
5.19 and 5.20	Obtain ESFA's prior approval for writing off debts and losses, guarantees, letters of comfort and indemnities beyond limits in this handbook		
5.23 and 5.24	Obtain ESFA's prior approval, before acquiring and disposing of fixed assets beyond limits in this handbook and ensure disposal achieves best price		
5.26 to 5.28	Obtain ESFA's prior approval for leases beyond limits in this handbook		
5.31	Consider the funding needs of individual academies if pooling GAG, and have an appeals mechanism		
5.31	Not pool PFI funding		
5.32	Ensure gifts by the trust have the decision documented, and have regard to propriety and regularity		
5.33	Obtain ESFA's prior approval before borrowing, including finance leases and overdrafts, and only use credit cards for business expenditure		
5.36	Ensure no member, trustee, local governor, employee or related individual or organisation uses their connection to the trust for personal gain		
5.36	Ensure no payments to trustees unless permitted by the articles and comply with the terms of any agreement with the Secretary of State		
5.36	Obtain Charity Commission prior approval for paying a trustee for acting as a trustee		
5.38	Ensure the board chair and the accounting officer manage their relationships with related parties to avoid real and perceived conflicts of interest		
5.39 and 5.40	Recognise that related party transactions may attract public scrutiny and require sufficient disclosure in annual accounts to support accountability and transparency		
5.41	Report all contracts and other agreements with related parties to ESFA in advance		
5.42 to 5.44	Obtain ESFA prior approval for contracts and other agreements with related parties beyond limits in this handbook subject to the exceptions in 5.42		

Para	Requirement	Status: In place & fully compliant/ Working towards/ Not in place	Comments and action to take
5.45 and 5.46	Capture in an up to date register of interests the relevant business and financial interests of members, trustees, local governors, and senior employees [5.45] and interests of other individuals as described in 5.46		
1.44 and 5.48	Publish relevant business and financial interests of members, trustees, local governors, and accounting officers		
The regulator and intervention			
6.2	Arrange for letters to trusts' accounting officers from ESFA's accounting officer about the accountability framework to be discussed by the board and, where appropriate, strengthen the trust's systems		
6.3	Provide DfE/ESFA with access to books, records, information, explanations, assets, premises, and staff to assist with its audits		
6.4	Provide DfE/ESFA with permission for any third party to provide requested information where there are concerns or an investigation is ongoing at a trust		
6.5	Retain records for at least six years after the period to which funding relates		
6.6	Send ESFA a financial management and governance self-assessment for new academy trusts, or constituent academies joining an existing trust		
6.6	Submit school resource management self-assessment checklist to ESFA annually		
6.9	Be aware of the risk of fraud, theft and irregularity and address with proportionate controls and appropriate action		
6.10	Notify ESFA of fraud or theft over £5,000, individually, or cumulatively, or of any value where unusual or systematic		
6.14	Be aware of the risk of cybercrime and put in place proportionate controls and appropriate action where a cyber security incident has occurred		
6.15	Obtain permission from ESFA before paying any cyber ransom demands		
6.17	Comply with a Notice to Improve		
6.18	Waive delegated authorities and obtain ESFA approval of certain transactions described in this handbook if the trust has an Ntl		
6.19	Publish the Ntl on the trust's website until it is lifted		
6.26	Cooperate with NAO and provide help, information, and explanation		

Appendix I

Overall Impact Analysis

Info's Overall Impact Analysis combines all transactions with identical general ledger code combinations. This visualization then plots for each combination the frequency of transactions and the aggregate profit impact.



During the period there were a total of 8,019 transactions within North Hampshire Education Alliance's Other system. When combined, 830 unique general ledger code combinations were found.

A total of 11 combinations were flagged in the highest risk category, being those occurring fewer than 4 times and having a significant impact on reported profit (in red). There were 13 transactions within these combinations.

Other Findings on Highest Risk Transactions

Most common User ID: Blank

Most common Document Type: CBREC

Largest Impact to General Ledger Code: 949315.83

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