

Academies Financial Handbook

The following information was kindly provided by Clive Owen and Co LLP

The 2013 edition of the Academies Financial Handbook was released by the Education Funding Agency ('EFA') in July 2013. The new Handbook is effective from 1 September 2013.

Whilst a lot of the changes in the new Handbook are minor, compliance remains a condition of Academies Funding Agreements, and so we strongly recommend all Academy Governors, Accounting Officers and Principal Finance Officers read and familiarise themselves with the revised guidance.

Some of the key changes are as follows:

Governance

- **Accounting Officer ('AO'):** Additional information has been provided on the role and responsibilities of the AO, including definitions of 'regularity', 'propriety' and 'value for money'.

Financial Control

• Staff Severance Payments:

The delegated limit for Academies to self-approve payments has been clarified and some specific examples have been included. Essentially, Academies can self-approve such payments where the non-statutory element is less than £50,000.

• Disposals of Fixed Assets:

The delegated limits for Academies to dispose of fixed assets have been clarified and relaxed and will only apply to land and buildings transactions.

- **Leases:** The delegated limits for Academies to take up and grant leases have been clarified and relaxed. It would now appear that the rule for operating leases not to exceed three years has been removed.

• Financial Notice to Improve ('FNI'):

Additional information has now been included to explain the possible reasons for, and consequences of, issuing a FNI. It is important to note here that such a notice can be issued if the EFA has concerns over the financial management or governance of the Academy.

• Value for Money Statement:

The annual Value for Money Statement, which must be signed by the Accounting Officer, will now be a separate return and must be published on the Academy's website. This is discussed in further detail on the back page

Audit

- **Audit Committees:** It has been clarified that the remit of an Audit Committee can be included within the remit of a Finance Committee, subject to the size of the Academy. The criteria for establishing a dedicated Audit Committee have been changed so as to focus more on size rather than the type of Academy. The EFA's expectation now is that all Academies with an income over £10m or capitalised asset value over £30m must have a dedicated Audit Committee.

This means that some smaller Multi-Academy Trusts that are below these limits need only consider having a dedicated Audit Committee.

Responsible Officer ('RO'):

The appointment of a RO has been confirmed as a non-mandatory appointment, but rather one of a number of options available to Academies when reviewing their financial controls and systems. The 2013 edition also includes an annex that consolidates the requirements for Academies so that it is easier to identify the parameters within which an Academy operates (these are the 'musts' within the Handbook). The meaning of the words 'must' and 'should' have also handbook can be downloaded at <http://www.education.gov.uk/schools/adminandfinance/financialmanagement/efafundingfinance/b00212647/external-assurance>