St Agatha's Catholic Primary School

Audit Findings Report – 31 August 2023

Management Letter to Trustees following conclusion of the Audit
27 October 2023

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1. Introduction and Management Summary

1.1 Outline

This report has been prepared for the trustees St Agatha's Catholic Primary School for following the audit of the financial statements for the year to 31 August 2023, and will be presented by Landau Baker at the meeting of the trustees on 24 October 2023. The comments and recommendations made in this report arose as a result of our review and are for the sole use of the trustees. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

Our audit work has been carried out with the express objective to enable us to offer an opinion on the financial statements, thus ensuring that they are compliant with the prevailing regulatory requirement listed below:

- Companies Act 2006
- UK Generally Accepted Accounting Practices (including FRS 102)
- Charities Statement of Recognised Practice (2019)
- Academies Accounts Direction 2022 to 2023

We have also carried out a limited assurance engagement as to whether the expenditure disbursed, and income received by St Agatha's Catholic Primary School for the year to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

The scope of the above work has been communicated to the trustees through our audit planning letter, and our terms of engagement detail the respective responsibilities both Landau Baker and the trustees.

If you wish to discuss the points in this letter or indeed any other matters relating to the academy's finances and controls, please contact the Academies Audit Team.

We would like to express our thanks to Pauline O'Hara and the finance team for their assistance during the audit.

1.2 Nature and Scope of the Audit

We set out below an outline of the nature and scope, including where relevant, any limitations thereon, of the work we propose to undertake and the form of the report we expect to make.

We have a duty to form an opinion on the financial statements at the end of the audit. We must give an opinion on whether the financial statements give a true and fair view at the year end, whether the financial statements have been properly prepared in accordance with the Companies Acts 2006, we must also state whether all the information and explanations which we consider necessary for the purpose of the audit have been obtained, whether proper books of account have been kept by the academy and whether the information given in the Trustees' Report is consistent with the financial statements.

We will express an unqualified opinion when the financial statements give a true and fair view in accordance with the financial reporting framework. Any modification to this unqualified audit opinion will be expressed in our auditor's report.

We will conduct our audit in accordance with the International Standards on Auditing (UK and Ireland) issued by the International Auditing and Assurance Standards Board. An audit includes an examination on a test basis of evidence relevant to the amounts and disclosures in the financial statements.

We will document the internal controls and the systems of the academy. We will review internal and external operational, financial, compliance and other risks facing the academy, which might affect the financial statements, including the likelihood of those risks materialising and how they are managed.

We will also document and review the control environment within the academy, including the attitude of management to controls and whether management have a process for keeping under review the effectiveness of the system of internal control and, where a review of the effectiveness of internal control has been carried out and the results of that review.

We will also review the actions that the trustees plan to take in response to matters such as developments in law, accounting standards and other developments relevant to the academy's financial statements.

1.3 Audit Opinion

At the date of this report, nothing has been identified which would warrant the issuing of a qualified audit opinion or modified conclusion in our regularity assurance report.

Our specific observations and recommendations have been highlighted in section 4.

2. Audit Approach

2.1 Materiality

Our audit work does not attempt to verify that the financial statements are 100% correct. We employ the concept of materiality to decipher whether any error or misstatements found during the audit process require adjustment.

When assessing materiality, we utilise our professional judgement whilst considering the following:

- Whether the omission or misstatement of an individual item would reasonably influence the reader of the financial statements; and
- Whether the adjustment or non-adjustment of individual item would impact on the true and fair view of the financial statements.

The overall level of materiality for the financial statements of St Agatha's Catholic Primary School has been set at £45,067. This was set at the final stage of the audit, using the level of funding received by St Agatha's Catholic Primary School, and we are satisfied that it continues to be appropriate.

Any unadjusted misstatements above the trivial level of £901 have been recorded on the Summary of Unadjusted Errors [Appendix 5.1].

Any adjusted misstatement above the trial level have been recorded on the Summary of Adjusted Errors [Appendix 5.3].

2.2 Independence and Objectivity

In accordance with the Financial Reporting Council's (FRC) Ethical Standard we as auditors must ensure that our independence and objectivity is maintained at all times. The following threat and safeguards identified at the planning stage were as follows:

a. Non-audit services provided to the audited entity

Landau Baker is also engaged by St Agatha's Catholic Primary School to provide the following non-audit services detailed immediately below.

- Preparation of Statutory Accounts
- Preparation and Submission of Corporation Tax Return
- Annual Accounts Return
- Teacher's Pension – End of Year Certificate

There may therefore be a perceived loss of independence due to self-review and a management threat (as per FRC's Ethical Standard). In order to address such threats, we applied the following safeguards. These are outlined below.

i. The non-audit services are provided by a separate team from the engagement team, and the team providing the non-audit services avoids taking any action or making any statement that compromises the independence or objectivity of the engagement team, for example, expressing any opinion about the approach that the engagement team might take or the conclusion it might reach when considering the appropriateness of accounting or other audit judgements.

ii. The audit team is satisfied that a member of management has been designated by the audited entity to receive the results of the non-audit service and has been given the authority to make any judgements and decisions that are needed.

iii. The audit team concludes that that member of management has the capability to make independent management judgements and decisions on the basis of the information provided.

iv. The perceived ethical threats are regularly reviewed.

v. A sample of our audit files are subject to review each year by an independent member of the Institute of Chartered Accountants in England and Wales, who specialises in this type of technical review. The audit files selected for review are chosen by reference to the perceived risk associated with those audit files.

vi. The Quality Assurance Directorate of the Institute of Chartered Accountants in England and Wales, who is our audit regulator, visits us from time to time and carries out, amongst other things, independent reviews of our audit files.

We confirm that, in our professional judgement and having regard to the safeguards in place, the firm is independent within the meaning of the FRC’s Ethical Standard and the objectivity of the audit engagement partner and staff has not been impaired during the course of our audit.

We have complied with the FRC's Ethical Standard and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirement of the FRC's Ethical Standard.

2.3 Qualitative aspects of Accounting Policies and Financial Reporting

During the course of our audit, we consider the qualitative aspect of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. We would discuss, as necessary, the following items with the trustees:

- The appropriateness of the accounting policies to the particular circumstances of the academy;
- The timing of transactions and the period in which they are recorded;

- The appropriateness of accounting estimates and judgements (e.g. in relation to provisions), including the consistency of assumptions and degree of prudence reflected in the accounting records;
- The potential effect on the financial statements of any uncertainties including significant risks and disclosures, such as pending litigation, that are required to be disclosed in the financial statements;
- Material uncertainties related to events and conditions that may cast significant doubt on the academy's ability to continue as a going concern;
- The extent to which the financial statements are affected by any unusual transactions during the period and the extent to which such transactions during the period and the extent to which such transactions are separately disclosed in the financial statements; and
- Disagreements about the matters that, individually or in aggregate, could be significant to the academy's financial statements or in the auditor's report. These communications include consideration of whether the matters have or have not been resolved and the significance of the matters.

We trust that this more formal approach to the above matters will be helpful to you.

2.4 Trustees' Responsibilities

As required by the Companies Act 2006 s418 (2) the Trustees' Report is required to include a statement confirming at the date of approval of the financial statements, the trustees' have:

- taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information; and
- ensured so far as they are aware that there is no relevant audit information of which the company's auditor is unaware.

3. Key Audit Areas

Our audit work undertaken has been focused upon our assessment of the risk of misstatement of balances reported in the financial statements. Summarised below are the significant risks and reasonably possible risks identified at St Agatha's Catholic Primary School, and a summary of the specific audit testing undertaken. Any key findings pertaining to the work undertaken are summarised in section 4.

3.1 Significant risks identified (ISA 315)

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special consideration. The significant risks identified by the audit team are as follows:

Identified Audit Risk	Audit Approach & Findings
The revenue cycle includes fraudulent transactions	Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper revenue recognition of revenue. We will take a random sample of grant income and a sample of non-grant income from the sales ledger and trace these items back to source documentation. We will also review any funding restrictions in place. Walkthrough tests will be performed on all other material income streams to ensure the system is operating in line with expectations.
Management override of controls	Under ISA 240 there is a presumed risk of management override of controls in all entities. We will review accounting estimates, judgements and decisions made by management, test journal entries and review unusual significant transactions.

3.2 Medium risks identified

Reasonably possible risks are, in the auditor's judgement, other risk areas which they have identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement is medium, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business. The reasonably possible risk identified by the audit team is as follows:

Identified Audit Risk	Audit Approach & Findings
Non compliance with Laws and Regulations / Fund Allocation	Review the allocation between funds to confirm that it has been correctly undertaken in accordance with both regulation and precedence. Specifically confirm that income and expenditure allocation is accurate and any transfer between funds has the appropriate authority.

Identified Audit Risk	Audit Approach & Findings
Cash held at bank on the Statement of Financial Position is materially misstated.	Request bank confirmation letters from all the banks/bank accounts directly, in order to confirm all bank balances held at year end by the Trust. Inspect bank reconciliation for old un-reconciled items and determine whether these should be written off in the financial statements.
Creditors / Accruals Completeness	Perform a test of unrecorded liabilities by tracing any payments (including items > PM) made out of the bank post year end per the third-party bank statements to supporting documentation in order to determine whether any material payments related to a product delivered/service rendered prior to the year end and then whether it had been accrued or not within trade creditors/accruals.
Ancillary income could be materially misstated	Trace a sample to supporting documentation in the form of e.g., Parent Pay source documentation (catering income) and/or bank statement copies (e.g., lettings income/after school club income) to ensure the income recognised is accurate. Through our review of third-party support on the testing sample, we will check whether the cash received, and income recognised relates to the current financial period to address the cut-off assertion.

4. Audit Findings

As stipulated by the Academies Accounts Direction 2022 to 2023, all findings detailed below have been given a priority rating as follows:

High Priority – should be addressed as a matter of urgency.

Medium Priority – recommendations to be implemented as soon as practical

Low Priority – recommendations made but little risk – to be dealt with in the future

4.1 Audit points identified in previous management letter dated 26 June 2023

Findings	Recommendation	Current Position	Priority
1. Staff head counts The staff head counts for period from September 2022 to May 2023 was not available for review during interim audit.	We shall be grateful if the academy could let us have this information at final audit stage.	This information has now been provided to the Auditor.	Medium
2. Management accounts We requested copies of two monthly management accounts, and confirmation that these have been reviewed by the board. These have not been available for review during interim audit. The management accounts should also contain a cash flow statement.	We shall be grateful if the academy could let us have this information at the final audit stage.	Copies of the management accounts have been given to the Auditor. A sample of our cash flow statement has also been provided.	Medium
3. Declaration of business interest We noted that three members of the governing body have not signed updated declaration of business interest.	As required by the Academies Financial Handbook, governors should sign declaration of business interest annually, we shall be grateful if the academy could let us have this at final audit stage.	All Governors have signed a declaration of business interest form.	Medium
4. Members We noted that the members information was detailed on the school information site (GIAS), however, this information was not on school website.	As required by the Academies Financial Handbook, this information should be disclosed on the Trust's website.	The members information has now been updated on the school's website.	Low

4.2 Matters arising from our audit work

There were no further material matters arising from our final audit visit.

5. Other Issues

5.1 Schedule of Unadjusted Errors

There were no errors that we noted in carrying out our audit that have not already been adjusted in the financial statements.

5.2 Other communication requirements

- We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedure
- We are not aware of any related party transactions which have not been disclosed
- We are not aware of any significant incidences of non-compliance
- Our review of the financial statements has found no material omissions in the financial statements

5.3 Misstatements Identified

We will send the School Business Manager a list of audit adjustments identified once the audit has been finalised

5.4 Significant difficulties met

There were no significant difficulties encountered during the course of our audit work.

6.1 Future Developments in the Sector

6.1.1 ACADEMY TRUST HANDBOOK 2023: SUMMARY OF CHANGES

As the Summer Term came to an end, academy trusts and their advisers up and down the UK were patiently awaiting the ESFA's latest edition of the Academy Trust Handbook (ATH; formerly the Academies Financial Handbook). The ATH has been significantly shortened with a few other changes throughout.

The changes made this year fall into four categories:

- Roles and responsibilities
- Main financial requirements
- Delegated authorities
- The regulator and intervention

Roles and responsibilities

Updating content on governance matters

Generally this involves some wording updates following the latest publication by the ESFA on quality descriptors within trusts.

Less obviously, it also includes the change that employees must not serve as trustees (other than the senior executive leader); in ATH 2022 this was merely a 'strong preference'. 'Strong preference' has now been removed from the entire handbook, and in all other cases replaced with "should".

Emphasising the importance and value of good estates safety and management

This section (1.19) has been greatly expanded, mainly with links to other publications such as the Estate management competency framework, Condition Data Collection process and Reinforced Autoclaved Aerated Concrete guidance.

Confirming that the board should have sufficient financial knowledge to hold the executive to account

A minor change to reinforce the need for strong financial knowledge at the trustee level.

Explaining that the roles of the Accounting Officer and the Chief Financial Officer should not be occupied by the same individual

Whilst it is widely accepted throughout the academy community that this should not be the case, this year's ATH explicitly states it.

Main financial requirements

Confirming that trusts no longer need to provide an explanation in their governance statement where the board has not met at least six times in the year

Previously any trust boards that did not meet six times in a year would need to explain this within the governance statement as part of the financial statements. The minimum number of meetings per year remains at four.

Providing trusts with an additional month to submit their Budget Forecast Return (BFR)

This is a very welcome change to all in the academy community. It means that the deadline is now the end of August rather than the end of July.

Simplifying the position on the preparation and circulation of management accounts, including more discretion for trusts

This removes the need for management accounts to be shared with trustees six times a year, now allowing them to be considered just at each board meeting. The chair must continue to receive these monthly. It also removes the need for trusts to select key performance indicators and report on them regularly.

Explaining the permissive position on Electric Vehicle (EV) salary sacrifice schemes

With EV salary sacrifice schemes becoming more popular, the ESFA have clarified their position on these. There is no need for approval from the ESFA if no liability falls on the trust. Should any liability fall on the trust, or the trust is under a Notice to Improve (NtI) then prior ESFA approval must be sought.

Delegated authorities

Simplifying the position on General Annual Grant (GAG) pooling

The updates to this are minor. They reflect some wording changes to encourage trusts to consider the value and importance of GAG pooling.

Refining the approval threshold for related party transactions, and simplifying arrangements for transactions within other educational providers

A raft of changes have been made to this section, from some clarification to other more major changes.

- Trusts must now report the commencement and renewal of contracts with related parties to the ESFA; previously this was just on commencement

- The threshold has also been increased and simplified, becoming £40,000 (previously £20,000) in any financial year The requirements to consider related party transactions on an aggregate section has also been removed, and as such reporting to the ESFA only now need be considered based on the value of each transaction.

- Some exemptions to approval have also been added for providing goods and services to any college, university or school who are sponsors of the trust, and any state funded schools and colleges (this includes other academies). This however does not apply to any subsidiaries of the above

- Also exempt is provision of services to an academy trust with a religious character by their religious authority, where they are essential and can only be provided by their religious authority.

The regulator and intervention

Clarifying circumstances in which an NtI might be issued

The ESFA states: *'The department will engage with the sector in developing its approach to intervention, including the process to be followed by the department's Regions Group and the evidence that they will rely on to determine the strength of trustees' oversight of educational performance.'*

This section now provides examples of reasons for the issuing of an NtI, such as an actual or projected deficit, the trust board not being properly constituted and poor internal scrutiny.

When do the ATH 2023 changes apply?

These changes come into effect on 1 September 2023 i.e. the start of the next financial year for academy trusts.

Our academies specialists plan to host a webinar on ATH 2023 later in the year, exploring the changes in more detail and answering any queries you may have. In the meantime, for more information about how these changes affect your academy trust, please get in touch with your usual BKL/Landau Baker contact or use our enquiry form.

6.1.2 DEMYSTIFYING PENSIONS FOR ACADEMIES 2023

Two significant costs to academy trusts are the payments made to the respective pension schemes: the Teachers' Pension Scheme for qualified teaching staff, and the Local Government Pension Scheme for other (support) staff.

As with many aspects of finance, and pensions in particular, there is a lot of industry jargon which makes understanding these costs difficult. This guide will make things clearer.

Teachers' Pension Scheme (TPS)

This pension scheme is known as an "unfunded, multi-employer, defined contribution pension scheme". The keywords here are "unfunded" and "multi-employer", which denotes that there will be no specific valuation placed on this scheme which can be attributed back to the academy trust.

Both the employer and the employee make contributions to this scheme, which are credited to the Exchequer, with the retirement and other benefits being paid out from public funds provided by Parliament.

The TPS is formally valued as a whole by actuaries approximately once every four years, with changes to the level of employer contributions being affected by the outcome of these valuations.

The only cost within the trust's accounts are the employer contributions made. These are calculated as being 23.68% of the employees' pensionable salary, and will be shown within direct costs within the notes to the financial statements.

The contribution percentage has increased from 1 September 2019, due to the implementation of the most recent valuation, which showed a deficit which required an increase in contributions to fund. In order to assist with this increased cost, every trust has paradoxically received an additional government grant to cover the additional costs. It is anticipated that this will continue in future years, but no confirmation to this effect has yet been received.

Local Government Pension Scheme

Where this pension scheme differs from the TPS is that for each employer, there is a separately administered fund i.e. within the pension pot there are both assets and liabilities which can be specifically attributed to the academy trust. This is what causes the inclusion of the pension scheme liability within the financial statements.

The LGPS is valued annually by a firm of actuaries, who produce a report valuing the obligations that each trust may have in the future concerning their current employees' retirements. Whilst this is a significant number, it is merely included within the financial statements due to an accounting technicality, and shouldn't unduly concern trustees and the senior leadership team, for the following reasons:

- It is an estimate based upon the cessation of everything as at the year end date; this will never happen in practice.
- Each scheme will hold a certain amount of assets (equities, properties, cash, etc) – more often that not, these will exceed calculation of the notional liability as at the year-end date recorded within the financial statements.
- There is a government guarantee in place dated 18 July 2013 which guarantees the funding of any LGPS liabilities which occur following an academy closure.
- As an LA maintained school, this 'liability' was still attributed to the school, but due to differing reporting requirements was not included within the school's balance sheet.

Contributions to the LGPS depend on the individual fund to which the academy is linked. This is based on location, and unfortunately is mandated i.e. one cannot change this. As with the TPS, the level of contributions is based upon the performance of the fund. The changes to any future contributions will be communicated directly by the fund to the academy.

LGPS valuation is based upon various factors which include:

- Discount rate (based on the Government bonds)
- Assumed annual increase in salaries
- Inflation
- Estimated mortality rates

A formal valuation of the LGPS occurs every three years, with the latest one taking place in 2022. Annual valuations subsequent to this are based on estimates. The year ended 2023 is the first implementation of the latest triennial valuation, as shown in the diagram below.

Where are we now?

Funding valuation	→	**Accounting valuation (Year 1)**	→	**Accounting valuation (Year 2)**	→	**Accounting valuation (Year 3)**
The most recent formal funding valuation was at 31 March 2022		Impact of 2022 valuation will be first shown in <u>August 2023</u> disclosures		Membership experience will flow through OCI – may be significant for academies		Other assumptions reset as part of valuation e.g. new demographics

Source: Hyman Robertson

The annual actuarial report contains figures which need to be included within the financial statements. This is broken down in the pension note towards the end of the accounts, and separately disclosed within the support costs note under the heading 'non-cash pension costs'.

The last two years

Whilst historically, the LGPS actuarial valuation has calculated a significant and increasing liability, the macro-economic conditions over the past two years have seen this liability reduce significantly, and in many cases completely so that it is in 'surplus' (i.e. an asset) as at 31 August 2023.

The main reason for this is the increased level of inflation, primarily creating a significant increase in the Discount Rate. The knock-on effect of Covid-19 has also seen a slight reduction in life-expectancy. This is shown in the table below.

How have the assumptions changed?

Change to	What's happened since 31 August 2022?*	Impact on balance sheet
Discount rate	Up by c8% pa	Decrease obligations by c15%
Benefit increases (CPI)	Small reduction in long-term market view	Small decrease in obligations
Longevity assumptions	Update to latest tables?	If yes, small decrease in obligations
Other demographic assumptions	Updated to valuation assumptions	Small change in obligations, direction dependent on membership profile
Actual PI experience	Was 10.1% April 2023	Increase in obligations
Overall impact		Improvement*

*To end of July 2023 market conditions/assumptions

Source: Hyman Robertson

With regards to how a pension asset is reported in the financial statements: to fully recognise the whole value of this figure, it needs be probable that the asset will lead to future economic benefits to the trust. This would be in the form of a reduction in the contribution rates and / or a cash payout from the pension scheme. Whilst a reduction in the contribution rates is a possibility, it is by no means is a probable outcome - indeed, with falling inflation, it is anticipated that the knock-on effect will lead to a fall in the Discount Rate, which in turn will impact future actuarial calculations thus re-creating an LGPS pension liability.

Contingent asset

If the actuarial valuation of the trust has been calculated as being an asset, our technical assessment – confirmed by the ICAEW – is that the asset should not be recognised within the financial statements of the trust – i.e. as part of the balance sheet. Instead, a disclosure should be made within the notes to the accounts only, stating that there is a possibility of this asset being realised either in part or in full, only if it becomes probable that future economic benefit(s) will flow to the academy trust from this asset.

For more information, please get in touch with your usual Landau Baker / BKL contact or use our enquiry form.

6.2 Technical Help-sheets

6.2.1 ACADEMY TRUSTS WITH MORE THAN 20% REVENUE RESERVES

The ESFA (Education and Skills Funding Agency) has been requested by the National Audit Office and the Public Accounts Committee to provide more information on academy trusts holding revenue balances that are more than 20% of their total annual revenue income.

This recommendation aligns with the Department's work to ensure appropriate plans are in place where trusts are holding significant levels of reserves.

How will this information be collected?

Additional questions will be asked in the budget forecast return (BFR) which will be relevant to trusts where the revenue reserves balance exceeds 20% of their annual income. This will allow the Department to glean the necessary information required by the National Audit Office.

Government guidance on completing the BFR is available here.

What is the potential impact?

The ultimate aim of the Public Accounts Committee is to ensure the efficient spending of public money within the education sector; trusts holding significant levels of reserves without rationale, or a proper reserves policy would potentially highlight this. It is therefore recommended that if the trust holds significant levels of revenue reserves:

- It is in line with the reserves policy within the accounts; and
- Any future spend for which these reserves are earmarked, are clearly identified within the Trustees' Report.

Our template Trustees' Report has been updated to reflect the above recommendations.

For more information, please get in touch with your usual Landau Baker / BKL contact or use our enquiry form.

6.2.2 <u>OFF PAYROLL WORKING – IR 35</u>

Even though, the legislation impacting 'off payroll' workers (colloquially known in the sector as IR 35) has been both relevant and necessary for academy trusts for in excess of five years, questions that we receive to our free education helpline do often involve the practical and nuanced implementation of this requirement.

By way of a reminder, the IR35 rules are designed to capture workers who use intermediaries to provide services to, for example, schools and academies and avoid paying the full amount of employment tax and NICs where, in fact, if the individuals were directly engaged by the schools or academies, they would be either employees or office holders of those schools or academies and subject to PAYE and NIC deductions on payments received.

It remains the responsibility of each school or academy (or agency or other third party) to consider the rules for each relevant individual and, if considered necessary, to operate PAYE and NIC deductions on any payments made to the worker.

In order to determine whether a worker <u>not providing services through an intermediary</u> should be treated by a school or academy as an employee, or self-employed, HMRC provide an employment status tool on their website [Check Employment Status for Tax – "CEST"] which can be used to aid the decision-making process.

Check employment status for tax - GOV.UK (www.gov.uk)

Please note that the CEST tool should be used as an indicator only – a certain level of judgement will often need to be applied, as each individual case will involve slightly different parameters. As always, the decision made should be wholly documented and any evidence obtained retained alongside this.

Once deemed to be an employee, the worker in question will need to provide personal details to the school or academy (or agency or third party) including their National Insurance number, date of birth and personal address, P45 from previous employments in the tax year, if available, and details of the bank account into which payments will be made.

If you have any questions relating to these matters, please contact the education team at BKL Landau Baker who will be delighted to assist.

6.2.3 16 TO 19 BURSARY FUND EXPLAINED

For any academy trust that operates a Sixth Form, additional income is received as part of the general annual grant (GAG) payment monthly, known as the 16 to 19 Bursary Fund.

Whilst this is recorded as grant income within the financial statements of the academy trust, the money does not specifically belong to the trust, but instead to the qualifying students within the Sixth Form who benefit from this extra funding. Due to this, there are specific rules governing the usage of this money, as well as specific disclosures which are required in the financial statements.

Any money spent from the 16 to 19 Bursary grant must be as a direct benefit to the relevant students as per the eligibility criteria within your academy trust's published policy as to how you will use bursary funding. It cannot be subsumed within general funding. The only 'exception' to this rule is the allowance for any academy trust to utilise up to 5% of their current year allocation for administrative costs in relation to the 16 to 19 Bursary Fund.

Academy trusts that receive both a 16 to 19 Bursary Fund **and** free meals in further education allocation are permitted to use up to 5% of the combined allocation for administration and consequently must ensure they do not take a sum that is greater than 5% of the single allocation total.

Accounts disclosure

The following disclosure is required within the notes to the financial statements in respect of the 16 to 19 Bursary funding:

Agency arrangements

The academy trust distributes 16to 19 Bursary Funds to students as an agent for the Education and Skills Funding Agency (ESFA). In the accounting period ending 31 August 2023 the academy trust received £x and disbursed £y from the fund. An amount of £x is included in other creditors relating to undistributed funds that is repayable to the ESFA. Comparatives for the accounting period ending 31 August 2022 are £x received, £y disbursed and £x included in other creditors.

Amount unspent in year

As the 16 to 19 Bursary grant is not ultimately the academy trust's money, any unspent amount needs to be repaid. However, the EFSA does permit academy trusts to carry forward any unspent bursary funds to the next academic year, as long as it continues to be utilised in accordance with the funding rules described above.

Any amount that remains unspent, following the discretionary subsequent academic year will be recovered by the ESFA. The mechanism for this is that the trust should report any unspent funding to the ESFA using the online enquiry form. It is the responsibility of the academy trust to disclose this information to the ESFA by no later than 31 March each year.

For more information, please get in touch with your usual BKL/Landau Baker contact or use our enquiry form.