

# Academies insight

As we move into the Autumn, attention turns to preparing for the year-end audit. Within this season's edition of **Academies insight**, we focus on guidance to make the audit process easier and more efficient for all involved.

We cover the key changes to this year's Academies Accounts Direction (AAD), along with some of the points of interest from July's Supplementary Bulletin - helping your trust to navigate the latest reporting requirements.

The Trustees' Report is one of the most descriptive parts of the annual report, requiring a significant amount of content to be condensed into an engaging and informative format. We share some tips on how to convey your achievements and a few specifics around the content required.

If you would like to discuss or know more about anything covered in this edition, then please do not hesitate to contact us using the details below.



**Frank Shippam** BSc FCA DChA  
Partner  
✉ [frank.shippam@mapartners.co.uk](mailto:frank.shippam@mapartners.co.uk)



**Alice Lynch** BSc ACA DChA  
Partner  
✉ [alice.lynch@mapartners.co.uk](mailto:alice.lynch@mapartners.co.uk)

## In this issue:

- + Preparing for your year-end audit
- + Guidance for the Trustees' Report
- + Supplementary Bulletin - Academies Accounts Direction

# Preparing for your year-end audit

Within this article you will find a summary of key resources and practical steps academy trusts can take to make sure their year-end audit runs smoothly.

## External audit preparation checklist

The Education and Skills Funding Agency (ESFA) publishes a helpful checklist and good practice guide - particularly for those preparing an annual report and accounts for the first time.

The checklist comprises a schedule of financial and other information to be prepared or collated in support of the material included in the annual report and accounts.

[Click here to view the external audit preparation checklist:](#) 

## Compliance requirements for Academies Accounts Direction

The Academies Accounts Direction 2020 to 2021 (AAD) outlines the obligations for academy trusts when producing accounts for the period to 31 August 2021.

[Click here to view:](#) 

As your auditors, we are here to support you in understanding the guidance within the AAD and in complying with its requirements.

The AAD did not introduce any substantial changes for this year.

[Click here to view a summary of updates that were made:](#) 

## Timetabling to meet deadlines

Working to a timetable enables you to have a clear road map of the financial information that is required for your year-end audit and when it needs to be submitted.

Together, we will agree a timetable for our audit team to undertake the required work, booking meeting dates well in advance to make sure the necessary documents are circulated to schedule.



## Trustees' Report

This report is an opportunity for academy trusts to share their achievements. The process of writing the report can be started early - engaging key stakeholders from the start.

See our separate 'Guidance for the Trustees' Report' article for further advice.

## Fund allocations

Expenditure must be suitably posted or allocated against the income it relates to. It is important to fully understand the terms and conditions attached to grant income received to ensure costs are in line with the intended use for the funds.

Take the time to consider your individual carry forward positions. You can always review your cost allocations to make sure you are not carrying a significant amount forward in restricted funds. GAG and unrestricted funds offer the most flexibility for future expenditure.

### Other grants and funding you should consider include:

- + **Capital grants:** Maintain clear records of where capital money has been spent. Any unspent capital grants should be recognised in full as income and carried forward within the fixed asset fund.
- + **COVID-19 Catch-Up Premium:** Evidence of how this one-off grant has been spent in order to comply with any Ofsted review. The funding does not have to be spent in this academic year and can be carried forward to 2021/22 within a restricted fund.



+ **PE and Sport Premium:** Following a change in terms and conditions announced in June 2021, this grant can now be carried forward but must be fully spent by 31 July 2022. The grant should not be used for core curriculum provision or capital expenditure.

Read the specific terms and conditions behind each grant to ensure costs are compliant. Some grants are more flexible than others and can be used for a wider range of educational costs.

## Cash flow forecast

Prepare a cash flow forecast up to at least December 2022. This evidences the academy trust's capacity to continue to operate as a going concern.

We would recommend maintaining records to be able to detail any variances in income or expenditure where the 2020-21 figure varies from the prior year by greater than 10%.

## Staying up to date

Keep the following up-to-date and available for auditor review:

- + The fixed assets register (this should align with your accounting system);
- + The finance manual;
- + All policies and procedures;
- + The risk register;
- + Governance documents;
- + Copies of all minutes from Trustee and committee meetings; and
- + Records of accruals and prepayments.

## Guidance for the Trustees' Report

**When compiling the Trustees' Report, you might find that some sections do not change significantly each year - however it should continue to reflect the current arrangements within the academy trust.**

Keep the content focused, highlighting important points and drawing attention to facts that are unique to the annual report. If content is not a statutory requirement, consider its value and assess if it is bringing something new to the report.

The changes to the AAD in 2021 mean further detail is required within the financial review section of the report.

Click to view details here: [>](#)

When detailing your academy trust's principal risks and uncertainties it is useful to review and link to the academy trust risk management policy to illustrate that effective risk management arrangements are in place.

Click to view here: [>](#)

Once your content is finalised, it is beneficial to ask someone to proofread it - the Trustees' Report is often a weighty piece of text and typing errors can occur.

Our team can provide advice on compiling the Trustees' Report and meeting best practice, including guidance on effectively combining text with financials.

For help with the style and approach of the report, take a look at Chapter 3 of The Government Financial Reporting Manual - this provides guidance for writing narrative in government financial reporting.

Click to view here: [>](#)



## Supplementary Bulletin - Academies Accounts Direction

The supplementary bulletin to the AAD was published in July 2021 and outlines a small number of additional requirements that academy trusts must comply with. It also highlights issues arising from the Covid-19 pandemic which may impact on the 2020-21 accounts.

The bulletin does not change any of the elements within the AAD but should be read in conjunction with it. It has the same status as the AAD, and its requirements are mandatory.

**Parts 3 to 5 of the bulletin and Annex A will be of particular interest to academy trusts.**

**Part 3:** Annual report disclosures

**Part 4:** Financial support for Covid-19

**Part 5:** Other Covid-19 accounting matters

**Annex A:** Provides a summary of the main sources of Covid-19 funding in 2020-21.

### Important points to consider in the bulletin:

- + The value for money review within the governance statement must detail where an academy trust has acted to support suppliers during the pandemic and any situations where Covid-19 has adversely impacted on value

for money. Consideration should be given to the guidance published on supplier relief for schools.

Click to view here: [>](#)

This guidance is consistent with the Procurement Policy Note 04/20 that expired on 31 October 2020.

- + Academy trusts should consider whether additional or different disclosures are required to reflect the Covid-19 challenges of 2020-21.
- + The financial review section of the Trustees' Report should include details of how the Covid-19 pandemic has impacted on the financial performance of the academy trust and how any Covid-19 funding has been utilised.
- + The accounting policies note in the financial statements should provide more reasoning behind the going concern assessment.
- + In light of Covid-19, the academy trust's governance arrangements during the year should be considered, with the governance statement reflecting the suitability of the risk and control framework put in place.
- + Consideration should be given to specific Covid-19 funding and the following must be disclosed separately within note 4 to the accounts (funding for the academy trust's educational operations) and replicated in note 20 to the model accounts.
  - Catch-Up Premium; and
  - Coronavirus Job Retention Scheme.



- + Where trusts have participated in the free school meals voucher scheme, no additional disclosure is required in the financial statements, however details of involvement can be included within the Trustees' Report.
- + Part 5 includes a section on accounting for laptops and other devices provided by the DfE scheme, local authorities and other third-party donors. Accounting for these items should be determined by whether the academy trust is acting as principal or agent in the transaction - as covered by the Charities SORP (chapter 19).

Click to view here: [>](#)

*Acting as agent:* the disclosure requirements are covered by paragraph 3.125 of the Academies Accounts Direction.

Click to view here: [>](#)

*Acting as principal:* It should be established if the laptops have been lent or donated to the recipient. Where the devices have been lent, they are classed as a fixed asset. If the devices have been given to children or other organisations, the Charities SORP (paragraphs 6.23-6.26) should apply.

**Please do get in touch with our team for any help with the points outlined in the Supplementary Bulletin.**



For enquiries about our services to academy trusts, please do not hesitate to get in touch with **Frank Shippam, Alice Lynch** or one of the team here at M+A Partners.

**MA Partners Audit LLP** 7 The Close Norwich Norfolk NR1 4DJ

☎ 01603 227600

✉ [enquiries@mapartners.co.uk](mailto:enquiries@mapartners.co.uk)

[mapartners.co.uk](http://mapartners.co.uk)



**Disclaimer** We believe the information herein to be correct at the time of going to press, but we cannot accept any responsibility for any loss occasioned to any person as a result of action or refraining from action as a result of any item herein. **October 2021** Printed and published by © MA Partners LLP. M+A Partners is the trading name of MA Partners LLP and MA Partners Audit LLP, which are limited liability partnerships. A list of members may be inspected at our registered office: 7 The Close, Norwich, NR1 4DJ. The term "partner" is used to refer to a member of MA Partners LLP or MA Partners Audit LLP. MA Partners LLP is regulated for a range of investment business activities and licensed to carry out the reserved legal activity of non-contentious probate in England and Wales by the Institute of Chartered Accountants in England and Wales. MA Partners LLP is registered in England and Wales (LLP number OC 361855). MA Partners Audit LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. MA Partners Audit LLP is registered in England and Wales (LLP number OC 427003).