



Services for Academies

Baker Tilly is one of the leading providers of professional services to academies nationally and has over 100 academy clients. Having acted for academies for over a decade we have an extremely wide experience of all types of academies and schools. This includes sponsored academies, independent school converters, federations and more recent state school converters under the Academies Act 2010. We are therefore very aware of the issues academies face and have established a package of support to help address all these challenges. We have academy experts located throughout the country hence wherever you are based we will be able to provide you with support and advice.

Making the decision to seek academy status

The new approach to conversion to academy status is much more streamlined than in the past and accordingly the timescales involved may be extremely short. It is therefore essential that governing bodies are properly informed of what the implications will be to them and to the school of taking on the increased freedoms and increased responsibilities that come with academy status.

Preparing for financial and regulatory compliance

There are a large number of financial, regulatory and compliance procedures which must be put in place when establishing an academy and it is important that plans are finalised so these can be dealt with effectively, in time for the commencement of operations. Our significant experience with academies and good relationship with the YPLA enables us to identify the key requirements that need to be addressed which are as follows:

- Opening financial position of the academy– transfer of surplus funds relating to the former school, fair value of land and other property transferred in effect by donation from the local authority, former foundation or other bodies.
- Establishing financial regulations, key finance policies and procedures, and procurement processes.
- Weaknesses identified by the YPLA's Finance Management and Governance Evaluation.
- Key board policies – risk management and internal controls, reserves and financial management, significant accounting policies (e.g. fixed assets – land and buildings, fixtures and fittings, equipment), governor recruitment, selection, induction and training, conflicts of interest policy and related parties.

- Contributions to Local Government Pension Schemes and Financial Report Standard 17, including understanding year-end actuarial valuations for the purposes of statutory accounts.
- Training and guidance to governors about their roles and responsibilities as company directors and charity trustees, establishing appropriate board committees including the terms of reference for finance and audit committees.
- Company secretarial obligations under company law – Board meetings, AGM, Accounting Reference Date and



Annual Returns.

- Understanding of and compliance with charity laws and regulations.
- Preparation of Responsible Officer reports and extended areas beyond the Academies Financial Handbook if required.
- Selection and implementation of accounting software.
- Set up of accounting system including nominal ledger coding and fund accounting (consideration of various forms of restricted funding).
- Briefings to governors and Responsible Officers to help them understand this governance function.

We can offer guidance and support in all these areas depending on an initial assessment of your needs.

On-going support for the academies finance management function

Whilst most academies will have a pre-existing finance function it is likely that this will need greater support in order to fulfil the role of a stand-alone finance function supporting management, governance and external accountability requirements. This may include:

- Preparation of budgets, submission of returns to YPLA such as Whole of Government Accounts information, preparation of management accounts on a monthly or termly basis.
- Transaction processing – accounts payable, accounts receivable, accounts journals.
- Payroll bureau service.
- Outsourced accounting and online software solutions.
- Completion of Teachers' Pension Scheme and TR17a returns.
- Where some finance functions are outsourced, assistance can be provided to help governors understand their responsibilities and to the senior leadership team to help manage this function.
- Provision of Responsible Officer services or internal audit and extended areas beyond the Academies Financial Handbook if required.
- Insurance broking services from our specialist education team.
- Briefing events for academy finance directors/business managers.

An effective accounts preparation service

Preparation of the academy's year end statutory accounts (normally for the year to 31 August) is an important compliance obligation. We can prepare accounts from the academy's year end trial balances and management accounts, assist management and governors in drafting their Trustees' Annual Report including key board policies on risk and reserves, and deal with all aspects of accounts submission to YPLA and Companies House, as needed. The accounts will fully comply with the requirements of the funding agreement with the DfE and accounting guidance issued by the YPLA including the Academy's Financial Handbook. Our experience in providing the YPLA with advice on model accounts ("Darlingbridge/Coketown") means we are ideally placed to ensure you meet your financial reporting requirements. We shall also seek to train your team to undertake some of these responsibilities in the future. If needed, we can also provide advice on the Whole of Government Accounts returns prepared for the year to 31 March.

Effective governance arrangements and regulatory compliance

Our approach to our charity and education clients is to empower them to meet their legal and regulatory responsibilities through a comprehensive package of

guidance, templates, best practice tools and training. We also have a good understanding of the requirements underlying the YPLA's Financial Management and Governance Evaluation and how academies can adopt good practice.

Statutory audit services

We provide a high quality statutory audit service with a commitment to comprehensive communication with both your finance team and governors. As well as wide expertise in reporting on academies financial statements, through our other work in the education sector, we have excellent experience in the provision of audit opinions on Use of Funds or regularity. We also undertake the Audit of Teachers' Pensions Returns for around 200 clients.

Your future strategy

We can work alongside the academy's senior management team to ensure that a robust financial framework underpins any future strategic developments, including any planned property development, commercial activities and collaboration or federation plans. Our wide experience of independent education means we understand the practical operation of schools and the financial management implications.

Taxation and VAT issues

We can provide advice in respect to any opportunities to minimise the tax or VAT burden on an academy relating to its operations, or any future capital developments, as well as advising the academy on any compliance risks in relation to trading and community activity income streams. Recent changes in charity tax have made this a higher risk area and advice may be required on the establishment of a trading subsidiary if other tax exemptions cannot be utilised.

VAT is also now a complex area for many charities following the Finance Act 2011 and the requirement for academies to register for VAT. We can help academies with registering with HMRC in the most effective manner, providing guidance to academies on VAT reliefs that may be applicable, and also advising on the VAT liability of sources of income and identifying areas of expenditure where VAT reliefs may apply.

Similarly, HM Revenue & Customs have been targeting schools in relation to employment tax matters and we can help you avoid unnecessary liabilities.

For further information contact Sudhir Singh, Chairman – Charities and Education Group sudhir.singh@bakertilly.co.uk or telephone 01923 816400

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