



Education
Funding
Agency

Education Funding Agency
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

Tel: 0370 000 2288
[efa-enquiry-form](#)

01 July 2016

Mr Robert Caldeira
Chair of Governors
The Ursuline Academy Ilford
Morland Road
Ilford
Essex
IG1 4JU

Dear Mr Caldeira

Financial notice to improve: The Ursuline Academy Ilford

I am writing to you in your capacity as the Chair of Trustees for The Ursuline Academy Ilford (“the Trust”).

As you know, the Education Funding Agency (EFA) has been monitoring the Trust’s progress towards addressing the issues set out in Jane Cunliffe’s letter of 27 October 2015. I recognise the cooperation and extensive discussions that have taken place between the Trust and officials, the changes that have already been made to strengthen accounting and internal financial controls, the appointment of the new Principal and new Chief Financial Officer and the commissioning of an independent review of governance. However I remain concerned about the failure in governance and financial management and control which led to a disclaimer on the Trust’s 2014/15 accounts, and the impact of this on the Trust’s current and future position.

This letter and its annex consequently serve as a written notice to improve financial management, control and governance at the Trust. It reflects the continued concerns about governance and the oversight of financial management by the Board.

The Trust is required, pursuant to the provisions of the Academies Financial Handbook (AFH) and the Funding Agreement (FA), to comply with the terms of this Financial Notice to Improve (“the Notice”). These terms are set out in Annex A. In addition, the Notice will be published in due course on www.gov.uk.

Upon receipt of this Notice, all of the delegated authorities as identified in the AFH will be revoked, and all transactions by the Trust previously covered by these delegations (regardless of size) must come to the EFA for approval. These delegated authorities shall

be returned to the Trust providing that the terms set out in the Notice have been complied with and continue to be complied with, to the satisfaction of the Secretary of State.

We will continue to monitor the action plan which has been provided by the Trust to the EFA on a monthly basis, since December 2015 and will monitor progress made towards meeting the requirements associated with this Notice. We will lift the Notice when the requirements set out in the annex have been met. In the event that the Trust fails to meet the requirements of this Notice, to the satisfaction of the Secretary of State, the Trust will be considered to have failed to comply with the terms of the AFH. As a result of this breach of the AFH, and therefore also of the FA, the termination process in the FA may be triggered. Depending upon the severity of the breach, this may be considered a material breach of the terms of the FA and lead to termination.

I should be grateful if you would acknowledge receipt of this letter by email within three working days of the date of this letter to [REDACTED], [REDACTED].

I am copying this letter to Keran Reilly, Principal and Accounting Officer and Tim Coulson, Regional Schools Commissioner (RSC) for East of England and North East London.

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sue Baldwin', written in a cursive style.

Sue Baldwin

Director: Academies and Maintained Schools Group

CC. Keran Reilly, Principal and Accounting Officer

Tim Coulson, Regional Schools Commissioner (RSC) for East of England and North East London

Financial notice to improve

1. The Education Funding Agency (EFA) has decided to issue a Financial Notice to Improve (the 'Notice') as a consequence of The Ursuline Academy Ilford ('the Trust'):
 - Failing to operate a system of adequate financial control, leading to irregular payments, the mismanagement of funds and resources and disclaimer on the Trust's 2014/15 accounts
 - Failing to ensure the Trust's managers and governing body, have the skills, knowledge and experience to run the Trust and to ensure robust financial management, control and oversight.

Conditions

2. Following the independent review of governance the Trust is required to provide the findings of the external review together with an action plan to implement the recommendations to ensure that the necessary financial management and governance controls and procedures are in place.
3. The Trust is required to undertake a full transaction audit. The outcome of the transaction audit should be an identification and quantification of any further irregular transactions, supported by an action plan for the recovery of funds. If the transaction audit does not provide the required confidence for the Trust to assure the EFA that no further issues will materialise – or if there are further qualifications on the Trust's accounts for the period of this notice - the Trust will be required to commission an independent auditor to undertake a full forensic transaction review.
4. The Trust is required to provide assurance that the Accounting Officer, Chair of Governors and Chief Financial Officer have the qualifications, skills and abilities to carry out their roles effectively. As a minimum we would expect:
 - The Trust to compile a corporate scheme of delegation, setting out the clear role, responsibilities and duties of the Accounting Officer and providing assurance that the individual is a fit and suitable person for the role.
 - The Trust to provide assurance that an appropriately qualified or experienced Chief Financial Officer (CFO) is in place.
 - The Trust must ensure that an appropriate test of fitness and suitability has been undertaken of the Chair of Governors as part of the review of governance, as at paragraph 2.
5. The Trust must make provision for funds to be repaid to the EFA in relation to the repayable advance issued to the Trust on 1 November 2015; and that the funds are recovered in full by the agreed date of April 2017.

6. The Trust must resolve whether there is any irregular use of the Academies Capital Maintenance Fund (ACMF) issued to the Trust in the academic year 2013/14 and recover any unresolved or irreconciled amounts.
7. The Trust is required to submit the Budget Forecast Return (BFR) by the deadline required by the Education Funding Agency.
8. The Trust is required to submit 2015/16 accounts by the deadline required by the Education Funding Agency.

Financial management requirements

9. The Trust is responsible for its own financial management, control and governance and is expected to take appropriate action to strengthen the weaknesses identified.
10. The Trust should take all appropriate actions to ensure an action plan is fully implemented.
11. The EFA must be satisfied that the Trust is doing everything it can to rectify the weaknesses identified.

Timescales

12. The Trust must provide the corporate scheme of delegation by 30 June 2016.
13. The Trust must have completed the transaction audit and reported the outcome by 30 June 2016. If it is clear at this point that a full forensic transaction review is required, this must be completed and the outcome reported to the EFA by 31 July 2016.
14. The Trust must provide the findings of the external review of governance by 30 June 2016 together with an action plan to implement the recommendations by 31 July 2016.
15. The BFR return is due to the EFA by 31 July 2016. The 2015/16 audited accounts are due to the EFA by 31 December 2016.

Monitoring and progress

16. The Trust is required to meet the specific conditions outlined above to enable the EFA to monitor compliance and progress
17. The Trust should continue to supply the EFA with monthly progress reports on the work undertaken and the improvements and outcomes achieved. The EFA will arrange a follow-up visit to the Trust in September 2016 to review whether the above conditions have been implemented to the EFA's satisfaction.
18. EFA will carry out a full financial management and governance review following the completion of all agreed actions and end year audit process (no later than 30 September 16) to assess the progress made and determine an action plan if required.

19. The EFA reserves the right to amend and add further specific conditions to this Notice should they be required. This may include the recovery of funds from the Trust.

20. Should it become evident that the Trust is unlikely to fulfil the conditions and / or requirements set out in this Notice and / or within the above timescales, the EFA will begin to consider and explore the contractual intervention options available.

Compliance and the end of the notice period

21. Compliance with this Notice will be demonstrated when:

- The EFA receives the findings of the external review of governance together with an action plan to implement the recommendations
- The EFA receives financial information clearly demonstrating that no further financial support will be required and that any advances of funding can be repaid in line with agreed terms
- The Trust confirms any funds identified as having been misappropriated have been recovered
- The Trust requests approval from the EFA for any actions under the revoked freedoms in Part 3 and Annex B of the AFH. These requests should be sent us using the [efa-enquiry-form](#)
- The EFA receives the Budget Forecast Return, by 31 July 2016
- The EFA receives audited financial statements with an unqualified audit opinion 31 December 2016.
- The EFA receives the auditors' management letter which does not raise concerns by 31 December 2016.

22. When the Trust meets the conditions outlined in this annex, the Notice will no longer apply and the EFA will write to the Trust to confirm that the Notice has been lifted.