

The Alec Reed Academy Trust

Governance Statement for year ended 31 August 2017

Scope of responsibility

As Governors, we acknowledge that we have overall responsibility for ensuring that the Academy Group (which consists of The Alec Reed Academy and Alec Reed Academy Enterprise Ltd) has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Governors has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the statement of Governors' responsibilities. The Board of Governors has formally met four times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Richard Taylor (Chair)	3	4
Louise Prince (Vice Chair)	3	4
Heather Flint	3	4
Gary Lobbett	4	4
Baba Abu	4	4
Mike Phillips	4	4
Christine Warren	3	4
Claudia Lashmore-Bennett	3	4
Josephine Youssefi	4	4
Dee Morrison	2	4
Dee Martin	4	4
Sofina Bhatti	2	2
Tamana Sayed	1	1

Louise Prince was elected by the Board of Governors at the start of the period to be Vice Chair. Sofina Bhatti, a new Primary Staff Governor and Tamana Sayed, a new Secondary Phase Parent Governor joined the Governing Body during the year.

Governance reviews

The Board of Governors has continued to review its involvement in the operations of Academy and its strategic direction, and governors have extended their involvement by each partnering a curriculum area and taking the lead for a policy area. This has increased the impact and effectiveness of the Board of Governors. Governor skill sets are reviewed and new Governors recruited as necessary with appropriate skills.

Governance (continued)

The Finance and Resources Committee is a committee of the Board of Governors. Its purpose is to assist the decision making of the Board of Governors, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Governors' responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.

Governor	Meetings attended	Out of a possible
Baba Abu	4	4
Gary Lobbett	4	4
Josephine Youssefi	3	4
Richard Taylor	4	4
Mike Phillips	3	4

The Audit Committee met twice. Its overall purpose is to oversee the Academy's arrangements for risk assurance, review the financial statements and recommend appointment of the external and internal auditors and receive their audit and assurance letters.

Review of Value for Money

As Accounting Officer the CEO and Principal has responsibility for ensuring that the Academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- ◆ Continuing to make effective use of information about student attainment for teachers to use to tailor teaching approaches and interventions, motivate students and to involve and inform parents and carers;
- ◆ Collaborating with other academies through the PiXL Club, Partners in Excellence, which works with over 1,000 secondary schools, 400 Sixth Forms, and 170 Primary Schools. The Club supports the promotion of excellence for pupils and improves life chances for young people through improved educational achievement and enhanced self-esteem in order to connect them to worthy progression routes in the next stage of their education;
- ◆ Identifying staffing savings as part of the medium term budget strategy; and
- ◆ Retendering significant contracts for services and achieving a saving of £36,000 on utilities through improved controls.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Alec Reed Academy and Group's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Alec Reed Academy and Group for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Governors has reviewed the key risks to which The Alec Reed Academy and Group is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal on-going process for identifying, evaluating and managing The Alec Reed Academy and Group's significant risks that has been in place for the year ending 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

The risk and control framework

The Alec Reed Academy and Group's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- ◆ regular reviews by the Finance & Resources Committee of financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The Board of Governors has considered the need for a special internal audit function and decided to appoint Stephen Meredith from Alliotts Chartered Accountants. He performs an extended audit assurance role looking at the control environment and regulatory structure of the Academy on an agreed upon work program designed to review all significant financial control processes. The role includes giving advice on financial matters and performing a range of checks on The Alec Reed Academy and Group's financial systems. In particular the checks carried out in the current period included:

The risk and control framework (continued)

- ◆ internal controls and regulatory environment surrounding the risk assessment and data processing systems;
- ◆ internal controls and regulatory environment surrounding fraud processes and procedures;
- ◆ internal controls for community sports centre income; and

- ◆ internal controls over cash management.

These areas have been assessed in terms of the compliance with the Framework of Authorities as outlined by the DfE and set down in the Academies Financial Handbook.

The internal auditor attended the Audit Committee in July 2017 to report his plan of work and his findings on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. He confirmed that he had completed his work as planned and that there were no significant control issues to report.

Review of effectiveness

As Accounting Officer, the Chief Executive & Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:

- ◆ the work of the internal auditor;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self-assessment process; and
- ◆ the work of the executive managers within the Academy Group who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control and plans to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Governors on 13 December 2017 and signed on their behalf by:

Richard Taylor
(Chair of Governors)

Gary Lobbett
(Accounting Officer)

Approved on: 13 December 2017

Extract from the audited Financial Statements 2016/17 The Alec Reed Academy Trust