Buzzacott

CHARTERED ACCOUNTANTS

130 Wood Street
London EC2V 6DL
Tel +44 (0)20 7556 1200
Fax +44 (0)20 7556 1212
enquiries@buzzacott.co.uk
www.buzzacott.co.uk

The Governors
Emerson Park Academy
Wych Elm Road
Wingletye Lane
Hornchurch
Essex
RM11 3AD

30 November 2012

Our ref E0387/AKS/LS

The Governors

Emerson Park Academy - Post-audit management letter for the period ended 31 August 2012

The purpose of this letter is to bring to your attention the findings from our recent audit of the financial statements of Emerson Park Academy for the period ended 31 August 2012. We appreciate that you will already be aware of some of the matters contained in this letter. However, in accordance with International Standards on Auditing (UK and Ireland) (ISAs) we are communicating them to you formally.

1. Purpose of the audit

Our work during the audit was performed with a view to expressing an opinion on the financial statements for the period ended 31 August 2012.

Our audit work included consideration of the internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

The purpose of this report is to bring to your attention certain matters which arose during the course of our work, and to make recommendations which we believe could improve the control of the financial aspect of the Academy's activities. The matters being reported are limited to those deficiencies that were identified during the audit.

This letter and its contents were submitted in draft form to Pete Wells, Business Manager, for comment prior to finalisation.

2. Audit progress

We are pleased to report that the timetable for the overall completion of the audit has been met. In order to achieve this additional work was undertaken following our initial audit fieldwork visit. The audit timetable will be reviewed with the Business Manager to ensure the audit is more efficient in 2012/13.

We have worked with management to ensure that the financial statements have been issued in line with the Academy's deadlines and that all disclosure requirements have been met.

We would like to take this opportunity to thank all those with whom we dealt during the audit for their assistance and co-operation, in particular Pete Wells and Karen Smith.

3. Format of the financial statements

The financial statements follow the presentation required by the Education Funding Agency (EFA) in the Academies' Accounts Direction 2011/12 issued in August 2012. The guidance incorporates the requirements of the charity Statement of Recommended Practice (SORP 2005) issued by the Charity Commission.

The 2011/12 Accounts Direction introduces changes to the format of the financial statements, largely arising from developments in the accountability and audit framework for academies. The main changes are as follows:

Governance Statement	The statement on governance provides a description of the Academy's governance framework. Details of the Academy's committee structure are provided including information on attendance records at committees.
Statement on Regularity, Propriety and Compliance.	The accounting officer is required to confirm whether there have been any instances of material irregularity, impropriety or funding non-compliance discovered to date.
Independent Auditor's Report on Regularity	This is a separate audit report, which is new for all Academies for 2011/12. The requirement for a regularity statement by the accounting officer and a related audit report represent a significant addition to the year end audit requirements.
Trustee governors' remuneration disclosure	The Accounts Direction 2011/12 further clarifies the requirements in connection with the disclosure of governors' remuneration required for trustee governors. As detailed in note 11 of the Coketown accounts, separate disclosure is required for any remunerated governors individually and not on aggregate.
Land and buildings	The EFA is completing / has completed a valuation process for the land and buildings of each Academy. The EFA have confirmed that they are happy for this value to be used in the financial statements, but this is not

a requirement. The valuation used in the Academy's financial statements was provided by Hilbery Chaplin, Chartered Surveyors.

4. Financial Statements – results

We have included at Appendix 1 to this letter, a comparison of the Academy's key financial ratios against the Academy sector average for 2011.

Based on the draft financial statements, the Academy achieved a surplus (before actuarial losses on the pension scheme) of £8,040,919. This surplus includes the transfer of £8,030,545 of net assets on conversion to academy status which has been treated as income in the Academy's financial statements. Income received from the EFA for the School's educational operations amounted to £5,247,414 (excluding the deficit on the pension inherited on conversion) and related expenditure amounted to £5,352,358 resulting in a deficit on EFA funding of £104,944.

5. Valuation of land and buildings

A valuation of the Academy's land and buildings was undertaken by Hilbery Chaplin Chartered Surveyors using the depreciated replacement cost method. The Academy has a long leasehold interest in the site at Wych Elm Road. The buildings were valued at £7,750,000 on 18 November 2011 and has been included in the financial statements based on this valuation.

The land element of the site was valued at £8,590,000. The site is designated for educational purposes and has no open market value as a result of this restriction. This fact is disclosed within the fixed asset note to the financial statements and therefore no value has been included on the Academy's balance sheet.

6. Accounting policies, accounting estimates and disclosures

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the Academy. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the Academy.

7. Auditor's report

Auditor's report on financial statements
We intend to issue an unqualified opinion in our auditor's report. We expect to express our judgement that the financial statements give a true and fair view and have been properly prepared in accordance with the Academies' Accounts Direction issued by the EFA, Companies Act 2006 and that the information in the Governors' report is consistent with the financial statements.

Auditor's report on regularity
With regards to the regularity opinion, we intend to state that in the course of our work, nothing has come to our attention which suggests that in all material aspects the expenditure disbursed and

income received during the period ended 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

8. Financial Reporting Standard 17 – Retirement Benefits (FRS17)

The financial statements for the period ended 31 August 2012 have had to comply in full with the UK accounting standard FRS17 – Retirement Benefits.

The Academy is a member of two defined benefit pension schemes – the Teachers' Pension Scheme and a local government scheme - both of which are multi-employer schemes.

Teachers' Pension Scheme

In the case of the Teachers' Pension Scheme (TPS), individual employers are not able to identify their share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Therefore all employers, including the Academy, are required to account for the contributions to the scheme as if it were a defined contribution scheme with some additional disclosures.

Local Government Pension Scheme (LGPS)

The Academy is one of several employing bodies included within the London Borough of Havering Pension Fund. The scheme's actuaries, Hymans Robertson, have prepared a valuation of the assets and liabilities which are specific to Emerson Park Academy.

The pension deficit has been included on the balance sheet in order to comply in full with FRS17. The pension scheme deficit is shown separately on the balance sheet as a 'pension liability' and is represented by a separate 'pension reserve' which forms part of restricted funds.

The pension liability at 31 August 2012 stands at £597,000 and the restricted funds have reduced by this amount due to the inclusion of the pension reserve.

The value of the pension liability at 1 September 2011 was £436,000. This has been included in the transfer from the Local Authority on conversion.

The impact on the Academy's income and expenditure for the period is as follows:

	£'000
2011/12 net incoming resources – per statutory financial statements	8,040
Decrease in staff costs	(27)
Increase in interest payable	18
2011/12 net incoming resources – excluding FRS 17 adjustments	8,031

The value of the scheme liabilities has increased from the opening figures by £161,000 (37%) mainly due to less favourable financial assumptions at 31 August 2012 than at 1 September 2011 (in particular, the discount rate has decreased from 5.3% p.a. at 1 September 2011 to 4.1% p.a. as at 31

August 2012). On the assets side, the value increased by £235,000 (46%), principally due to the contributions paid by the School and much improved investment returns.

A significant number of other educational organisations have also noticed a similar trend in that their FRS17 liability has increased from the previous year.

In addition, the LGPS actuarial loss for the year of £170,000 has been reflected in the Academy's statement of total recognised gains and losses, which is incorporated within the Statement of Financial Activities. The lengthy disclosures regarding the defined benefit pension scheme are included within note 24 to the financial statements.

Benchmarking
We have set out below a comparison of the Academy's LGPS FRS 17 assumptions and results against those of other educational organisations:

	Sector average*	**Emerson Park Academy**
Assumptions		
. Price increases	2.1%	2.2%
. Salary increases	4.3%	4.0%
. Pension increases	2.1%	2.2%
. Discount rate	4.1%	4.1%
Total expected rate of return as at 31 August 2012	5.2%	4.8%
% Increase in pension liability	54.9%	36.9%

* Based on approximately 60 Academies based in the South East of England and Greater London.

9. Adjustments made during the audit

Under Auditing Standards, we are required to provide you with details of any adjustments, identified during the course of our audit work, which have been made to the figures presented to us for audit.

A list of the adjustments which have been made to the figures presented to us for audit are attached as Appendix 3. These have all been discussed and agreed with Pete Wells.

We will obtain written representations from you, as Governors, that you concur with these adjustments.

10. Unadjusted misstatements

Under Auditing Standards, we are required to provide you with details of any misstatements which have been identified during the course of our audit work and which remain unadjusted at the end of the audit.

We enclose a list of unadjusted misstatements found during our audit in Appendix 3. We will obtain written representations from you, as Governors, that these are not to be adjusted, due to their lack of significance to the overall result portrayed by the financial statements.

11. Significant deficiencies in the accounting and internal control systems

Our work during the audit included an examination of some of the Academy's transactions, procedures and controls with a view to expressing an opinion on the financial statements for the period ended 31 August 2012.

We found no significant deficiencies in the accounting and internal control systems during our audit.

12. Other observations in respect of the accounting system and financial reporting function

Our observations and recommendations as a result of our audit work are given in Appendix 2. Each comment has been given a priority rating ranging from A to C. 'A' indicates that, in our opinion, immediate action is required; conversely 'C' indicates that the matter, although important, does not warrant urgent attention.

The detailed observations and recommendations included in Appendix 2 relate to:

- Accounting for sales and purchase invoices;
- Payment of PAYE/NI to HMRC;
- Authorisation of payroll; and
- School fund bank account reconciliations.

The matters have all been discussed with Pete Wells.

13. Letter of representation

We enclose the final draft letter of representation which we will request management and the Governors to approve and sign at the same time as the financial statements.

14. Professional ethics

In accordance with our profession's ethical guidance and further to our planning letter to you dated 30 July 2012 there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

15. Current developments

In Appendix 4 we have taken the opportunity to highlight a number of recent developments in the sector.

16. Updates, Insights and Seminars

As part of our commitment to the Academy sector, during the year the Charity Team issues Updates and Insights on matters of relevance to the sector and also holds a number of seminars free of charge throughout the year. We would be delighted to welcome representatives of your Academy to our seminars or to add Governors and management to our email distribution lists if desired.

Conclusion

This letter is for your private use only. It has been prepared on the understanding that it will not be disclosed to any third party, or quoted or referred to, without our prior written consent and we can therefore assume no responsibility to any other party.

If you require any further information or assistance, we shall be very pleased to help you.

We would be pleased to receive your comments and reaction to this letter.

Yours faithfully

cc: Education Funding Agency

APPENDIX 1

EMERSON PARK ACADEMY
RATIO ANALYSIS - 31 August 2012

Ratio	Formula	Academy 2012	Sector Average * 2011	Comment
1 **Current Ratio**	Current Assets / Current Liabilities	2.10	2.54	This ratio shows the solvency of the Academy. This ratio shows that the assets at 31 August 2012 provide cover for approximately twice the level of liabilities.
2 **Payroll / Total income**	Total payroll (including FRS17 adjustment) / Total incoming resources (excluding assets donated on conversion,capital grants and start up)	71.14%	74.9%	Payroll as a percentage of income is lower than the sector average.
3 **Diversity of income**	Total income less assets donated on conversion, capital grants and EFA grants / Total incoming resources (excluding assets donated on conversion,capital grants and start up)	10.30%	8.4%	This shows that the Academy is less reliant on EFA funding than other academies in the sector.
4 **Margin: Surplus (deficit) as a percentage of recurrent income**	Surplus for the period before transfers excluding fixed asset fund / Total income excluding assets donated on conversion and fixed asset fund	2.92%	4.60%	The surplus as a percentage of total income is lower than the sector average.

* Figures taken from academies based in the South East of England and Greater London.
Although the sector average figures provide a guide to how the Academy compares to the sector,
there is a substantial amount of diversity across the sector depending on the individual circumstances of each Academy.

Explanatory notes on the above ratios

1 **Current ratio**: The current ratio is a measure of the Academy's solvency. It compares the amount of cash and other assets with the level of current liabilities. A higher ratio will provide a greater margin of security to an Academy in meeting liabilities as they fall due.
However, a very high ratio may mean funds are being set aside unnecessarily rather than being used to further the work of the Academy.

2 **Payroll/Income**: This ratio measures the proportion of income which is expended on staff costs. The higher the percentage, the lower the 'staff cost margin' and the fewer funds available for spending on other items e.g. teaching expenses, improving facilities and saving for major projects.

3 **Diversity of income**: This measures the Academy's ability to generate income from sources other than the EFA. The lower the percentage, the higher the degree of reliance on EFA income.

4 **Margin:** This ratio compares the Academy's result for the year to its total income. Unlike commercial organisations, the aim of an Academy is not to generate profits on trading or capital gains but to provide quality education and fully utilise its resources in doing so.
This ratio will therefore approximate to zero unless specific reasons exist for significant deficits or surpluses occurring
(e.g. building up reserves after a period of deficits or utilising resources on a new project). Reasons behind an unusual ratio should therefore be fully understood.

Post-Audit Report
For the period ended 31 August 2012

Observation	Rating	Implication	Recommendation	Management Comment
1. Accounting for sales and purchase invoices Sales and purchase invoices are posted to the accounting system when they are paid rather than when the invoice is raised/received.	A	Income and expenditure may be understated. In addition, it is not possible to determine the Academy's debtors and creditors at any given time without reviewing all unpaid invoices.	We recommend that all sales invoices are posted to the accounting system when they are raised and that all purchase invoices are posted when they are received.	A full review of the invoice process will be undertaken with the Responsible Offer and if determined to be necessary, finance procedures will be updated accordingly. **Person responsible:** Business Manager **Timing:** By 31 March 2013
2. Payment of PAYE/NI to HMRC The monthly payments of PAYE and NI were paid under the wrong tax reference by the Local Authority from inception to February 2012.	A	The Academy has received demands for payment from HMRC due to the confusion over the wrong tax reference.	We recommend that this is resolved as soon as possible. We further recommend that either the Academy monitors all further payments made by the Local Authority to ensure that they are paid under the correct tax reference or the Academy takes responsibility for the payment of its PAYE and NI.	We continue to diligently pursue the outstanding issues with our current payroll service provider. The Board have already given approval to seek an alternative provider for this service. **Person responsible:** Business Manager **Timing:** By 31 March 2013

Observation	Rating	Implication	Recommendation	Management Comment
3. Authorisation of payroll The payroll is authorised by the Business Manager only.	B	There is an increased risk that fraud or errors may occur.	We recommend that the payroll be authorised for payment by both the Principal and the Business Manager.	Action has already been taken for the validation and authorisation of Payroll to be separated between the Academy HR/Personnel Officer and the Business Manager. **Person responsible:** Business Manager **Timing:** By 31 December 2012
4. School fund bank account reconciliations The bank accounts for the school fund have not been reconciled during the period.	B	The balances may be misstated.	We recommend that all bank accounts are reconciled by the Finance Officer on a monthly basis and reviewed by the Business Manager.	Whilst reconciliations have been performed, an issue remained due to the incorrect statement of the Opening Balance in the finance system. This will be corrected and monthly reconciliations will be completed by the Finance Officer for review by the Business Manager. **Person responsible:** Finance Officer **Timing:** By 31 December 2012

Appendix 3

Post-Audit Report
For the period ended 31 August 2012

Adjusted misstatements

	Description	Statement of financial activities Debit £	Statement of financial activities Credit £	Balance sheet Debit £	Balance sheet Credit £
1	Dr Bank current account Cr Other taxes and social security *Being reclassification of PAYE/NI creditor.*			141,828	141,828
2	Dr Assets transferred from Local Authority Cr Land and buildings *Being removal of land from the value of assets transferred from the Local Authority as the land is designated for educational purposes only and has no open market value.*	8,590,000			8,590,000
3	Dr Pension liability inherited on conversion Dr Actuarial losses Dr Pension finance costs Cr Support staff pension costs Cr Pension liability *Being adjustment to reflect Local Government Pension Scheme liability.*	436,000 170,000 18,000	27,000		597,000

The above adjustments reduced the Academy's surplus for the period by £9,187,000.

Unadjusted misstatements

	Description	Statement of financial activities Debit £	Statement of financial activities Credit £	Balance sheet Debit £	Balance sheet Credit £
1	Dr Prepayments Cr Curriculum supplies *Being additional prepayment identified.*		13,423	13,423	
2	Dr Exam fees Dr Maintenance of premises and equipment Dr Catering Cr Accruals *Being additional accruals identified from after-date testing.*	2,129 12,446 3,500			18,075

If the above journals were to be adjusted the Academy's surplus for the period would decrease by £4,652.

Post-Audit Report
For the year ended 31 August 2012

Academies Sector – Recent Developments

Audit

Regularity audit

The 2011/12 Accounts Direction, issued by the EFA in August 2012, contained for the first time this year a statement on regularity, propriety and compliance by the accounting officer. This is a formal declaration they have met their personal responsibilities to Parliament for the resources under their control during the year. It includes a responsibility to ensure that public money is spent for the purposes intended by Parliament (regularity) and a responsibility to ensure that appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control (propriety). The accounting officer also has a responsibility to advise the Governors and the EFA of any instances of irregularity or impropriety, or non-compliance with the terms of the trust's funding agreement.

The Accounts Direction also introduced the requirement for a regularity audit to provide assurance to Governors and the EFA on the use of funds. A separate audit opinion on regularity is included in the financial statements for the year ended 31 August 2012.

Financial Reporting

Accounts Direction 2011/12

In August 2012, the EFA issued the Accounts Direction 2011/12 which includes an updated version of the 'Coketown Academy' model financial statements for the year ended 31 August 2012. Only minor changes have been made to the format of the financial statements, with the major updates in the narrative arising from developments in the accountability and audit frameworks for academies.

Whole of Government Accounts (WGA)

As determined by the Office for National Statistics, academies are considered to be part of the Central Government Sector, and as such their results are included with the Whole of Government Accounts. Because the financial year end for academies is not coterminous with that of government departments this has not been a straight forward exercise and the EFA is continuing to work to streamline the process.

Academies were again requested to complete a number of returns to 31 March 2012 for inclusion in the Whole of Government Accounts.

Additionally, the EFA have approached a sample of around 50 academies to take part in a pilot group. This group have been asked to obtain audited accounts for the year ended 31 March 2012 as well as to 31 August 2012.

Post-Audit Report
For the year ended 31 August 2012

Financial Reporting (continued)

Accounts return

In October 2012, the EFA introduced a new version of the Accounts Return (previously the abbreviated accounts return) for academies to complete alongside their 2011/12 financial statements. For the first time this year, academies need to commission an external opinion on the return, which is to be filed via the external auditors with the EFA. It is intended that this return will replace the requirement for academies to prepare WGA returns in March each year.

The filing deadline for the Accounts Return was initially 31 December, as for the financial statements and post audit report. However, the EFA has recently decided to defer the submission date to 31 January 2013.

The Future of UK GAAP

For a number of years the Accounting Standards Board (ASB) has been working to align the accounting standards used in the UK (UK GAAP) with International Financial Reporting Standards (IFRS). To date IFRS is only mandatory for UK quoted companies.

The proposed implementation date for the new financial reporting framework has been postponed yet again and will now be no earlier than accounting periods starting on or after 1 January 2015, with earlier adoption permitted.

The latest proposals recommend replacing all current accounting standards with a single FRS. The ASB is proposing to use the IFRS for SMEs, as issued by the International Accounting Standards Board, as the base for the new accounting standard which is expected to reduce the volume of accounting standards significantly.

Whilst a separate standard for Public Benefit entities was to be developed to cover the areas relevant to public benefit entities, it is now proposed that these will be incorporated into the new FRS itself.

An Academies SORP?

It is currently being considered whether there should be a specific Academies Statement of Recommended Practice (SORP) based on the accounting guidance which is provided to the Further Education Sector. This could quite fundamentally change the style of financial reporting required by Academies. However, mindful of the major developments taking place to the overall financial reporting framework in the UK as a result of the Accounting Standards Board's Future of UK GAAP project, the EFA are considering if a specific SORP is developed what would be the appropriate timing to minimise the disruption to Academies.

Post-Audit Report
For the year ended 31 August 2012

Regulation

Academies Financial Handbook

In September 2012, the EFA issued the new Financial Handbook 2012 to replace the existing version which was last updated in September 2006. The 2012 edition is much shorter than the one it replaces and follows a more principle based approach rather than being prescriptive. It contains a number of significant changes, including:

- an emphasis upon the personal responsibility of the accounting officer to secure regularity, propriety and value for money in the conduct of the academy's financial management;
- the introduction of audit committee arrangements for academies, accompanied by a significant relaxation of the former responsible officer arrangements; and
- a set of requirements for dealing with various non-standard financial transactions.

The Handbook also highlights that academy trusts will enjoy increased autonomy in a number of areas, including:

- the carry forward limits on General Annual Grant surplus at the year end;
- delegated authority to enter into liabilities, write-off debts and make severance payments; and
- disposal of redundant assets.

Charities Act 2011

The Charities Act 2011 received Royal Assent on 14 December 2011 and came into force on 14 March 2012. The new Act repeals and replaces the Recreational Charities Act 1958, the Charities Act 1993 and many of the provisions of the Charities Act 2006, all since amended by other legislation.

The Act updates the text and simplifies the structure of the existing legislation, but it does not change the existing law or introduce new policy.

As exempt charities, academies have a duty to comply with Charity law.

Post-Audit Report
For the year ended 31 August 2012

Regulation (continued)

Auto-Enrolment

Workplace pension provision will be revolutionised by key reforms introduced in the Pension Act 2008 that took effect from October 2012. All employers in the UK will be affected whether they are companies or not-for-profit organisations. The date by which employers have to comply with the new legislation will depend upon the number of individuals within the organisation's PAYE scheme as at 1 April 2012 and all employers will be affected by 2017. Given the number of employees at most academies, academies are likely to be required to comply at some point in 2014. For some academies, the cost of enrolling all eligible staff onto the Local Government Pension Scheme (LGPS) or Teachers' Pension Scheme (TPS) may be significant and this will need to be taken into account when preparing future budgets and forecasts. We have prepared an Insight detailing some of the key reforms and the steps that employers will need to take in relation to Auto-Enrolment and this is available at

http://www.buzzacott.co.uk/insights/auto-enrolment---are-you-prepared-/57

Real Time Information

Real Time Information (RTI) is being introduced by HM Revenue & Customs (HMRC) to improve the operation of PAYE. It will make the PAYE system easier for employers and HMRC to operate, and employees will receive information more quickly. It will also help support the introduction of Universal Credits.

The fundamentals of PAYE are unchanged, for example, use of codes, employers deducting tax and National Insurance. What RTI does change is how and when employers and pension providers report information to HMRC.

Employers and pension providers will begin to use the RTI service in the period April 2013 to October 2013. All employers will be using the RTI service by October 2013.

The Academy will need to ensure that it is ready to implement RTI in due course. If requested we will be pleased to provide necessary guidance.

Post-Audit Report
For the year ended 31 August 2012

Provision of Education

GCSE marking controversy

In light of the recent GCSE marking controversy, academies may have found fewer students achieving expected grades this year, reflecting the strictness of marking of certain GCSEs in the summer sitting when compared to the previous sittings. Some schools, students, councils, and other interested parties are pursuing an application for Judicial Review, so there remains the possibility that a re-grade of the summer sitting will be ordered. It seems unlikely, however, that the action would result in a substantive change in grades for students.

Replacement of GCSEs with EBaccs

The Education Secretary recently proposed to replace the GCSE examinations with a new "English Baccalaureate" (EBacc). This will be taught from August 2015, and will be a single qualification for all students. It is currently proposed that each subject will be examined by final exams at the end of two years of study, and that coursework and re-sits will be reduced significantly. Of particular interest to academies with sixth forms will be the possibility that students who are not ready for the examination at 16 could sit the examination when they are 17 or 18. However, there is a note of caution because the reforms will take effect after the next election. There is also the possibility that during the passage through Parliament, the proposals are modified to take into account political and expert criticism. Under the reforms, GCSEs will remain in Wales and Northern Ireland, and with Scottish Highers in Scotland, giving three different educational systems in the United Kingdom at age 16.

School funding reform

In March 2012, the Department for Education set out how they will be taking steps over the next few years to reform the school funding system with the aim of it being fairer, simpler, more consistent and transparent. In order to achieve this, a national funding formula will be introduced in the next Spending Review period which will ensure that schools in similar circumstances and with similar intakes receive similar levels of funding.

One of the benefits of putting in place simplified and consistent local formulae is that maintained schools and academies will be funded on a more equitable and transparent basis. The pro-forma is critical to this as it will negate the need for bureaucratic and error-prone replication when the EFA calculates academy budgets.

Post-Audit Report
For the year ended 31 August 2012

Provision of Education (continued)

School funding reform (continued)	A new approach to funding provision for pupils and students with high needs was also announced in March. The new high needs funding arrangements will be introduced for all providers in the schools sector in April 2013. They will be phased in for mainstream academies by September 2013. Further information can be obtained by downloading the full document from the Department for Education's website. https://www.education.gov.uk/publications/standard/publicationDetail/Page1/DFE-00070-2012