**Academies Accounts Direction 2019/20 Supplementary Bulletin –Academies SAM Application Guidance.**

**Introduction**

The ESFA [Supplementary Bulletin](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/904685/Academies_Accounts_Direction_supplementary_bulletin_July_2020.pdf) introduces a small number of additional requirements to those which are included in the Accounts Direction 2019-2020.

This Mercia Academies Specialist Assignment Manual (SAM) application guidance should be read in conjunction with the Bulletin, and also revisions to the model accounts and disclosure checklist attached to this email alert.

**Audit & regularity risk assessment**

The Bulletin highlights and implies a number of factors that may be relevant to the risk assessment process. These are in addition to those that would more generally be considered in respect of COVID-19 matters. It is important that users of the Academies SAM document their approach to COVID-19 related matters through the PF3, B32, B32-RR and B33 forms as well as tailor relevant testing into work programmes.

A summary of factors relevant to the risk assessment as highlighted by the Supplementary Bulletin are included in the table below. This table may be used to supplement documentation included within the PF3 and be relevant when assessing risk on B32/B32-R and defining the approach.

| Ref | Factor | Notes / Impact on approach (B32/B33/X2) |
| --- | --- | --- |
| AAD SB 2.2.2 | To what extent were the governance and control arrangements, staffing levels and operations of the academy trust affected by COVID-19? |  |
| AAD SB 2.2.2 | If alternative arrangements were considered necessary, was there anything to suggest that the approach taken was not reasonable and practical under the circumstances at the time? |  |
| AAD SB 2.2.2 | At what point was this issue identified by the academy trust? For example, did it seek ESFA or DfE guidance in advance, if appropriate, and did it consult with other academy trusts in similar situations? |  |
| AAD SB 2.2.2 | Did the academy trust attempt to take retrospective or redressive action after the event (if appropriate)? |  |

| Ref | Factor | Notes / Impact on approach (B32/B33/X2) |
| --- | --- | --- |
| AAD SB 4.1.1 | Has the academy trust applied for exceptional government funding? For example, were costs incurred that were eligible for the Financial Support Scheme for Schools or Coronavirus Job Retention Scheme? |  |
| AAD SB 2.3.3 | Has the academy trust supported at risk suppliers using supplier relief due to COVID-19 requiring the application of Procurement Policy Notes (PPN) 02/20 and 04/20? |  |
| AAD SB 2.2.2 | Has the academy trust retained a documented trail of its decision-making process, including the rationale for the decision and details of those employees and trustees involved? |  |

Users may also find useful our example COVID-19 impact assessment, risk analysis and guidance which can be found [here](https://www.mercia-group.com/media/3804/covid_19_assessing-the-impact-and-audit-implications.pdf).

**Regularity and audit approach**

Whilst the Supplementary Bulletin notes that the scope of the regularity audit remains unchanged, it does highlight matters that are relevant to the approach taken. These are included in the table below, including reference to where work may be included within the test banks within the SAM.

|  |  |
| --- | --- |
| Ref | Testing |
| AAD SB 2.1.1 | The scope of regularity work should cover income and expenditure (including any new COVID-19 funding) |
|  | *Approach: When tailoring testing within section H (income & debtors) and J (expenditure & creditors) teams should ensure that matters relating to additional income streams are adequately addressed. This will include work on terms and requirements and other testing as noted in tests 19 to 25 of part E (tests of detail) in section H.* |
| AAD SB 2.3.3 | Where the academy trust supported at risk suppliers using supplier relief due to COVID-19 which required the application of Procurement Policy Notes (PPN) 02/20 and 04/20, the scope of work should include procedures to appraise the trust’s application of the Notes. |
|  | *Approach: When tailoring testing within section H (income & debtors) and J (expenditure & creditors) teams should ensure that matters relating to additional income streams are adequately addressed.*  *This will include work on terms and requirements and other testing as noted in tests 1, 2, 4, 30 & 31 of part E (tests of detail) in section J. It will be important to focus on whether procedural requirements of the PPN have been adequately addressed and decisions adequately documented, which may also be noted when reviewing board minutes. Links to government and DfE guidance in this area are included in the Bulletin.* |

**Accounts disclosure checklist**

A revised accounts disclosure checklist has been included within this email alert to replace A32 Accounts disclosure checklist (SORP 2019) within Section E of the manual.

Preparers of accounts should also have regard to guidance included within the Bulletin regarding Trustees’ Report narrative in respect of COVID-19 matters.

**Proforma accounts**

A revised set of proforma accounts has been included within this email alert to replace those in Section D of the manual.