



Langley Hall Primary Academy
Ad Vitam Paramus

Connected Parties

Updated January 2016

The Academies Financial Handbook provides guidance to Academies and Free Schools on the management of finances and makes many references to “connected parties”. Connected parties are defined as connections that may put a trustee or governor in a position where their personal interests may conflict with their duties as a trustee. These can be mitigated by identifying the connected parties, preventing the connected parties from affecting the decision and recording the connected party transactions. There is good reason for this as it is absolutely vital that all funds given to Langley Hall are used legally, for the purposes for which they have been intended and that are the best value for money for the purchase of resources, avoiding waste and extravagance.

Langley Hall Primary Academy wants to ensure that all of the money received from the EFA (Education Funding Agency) is used wisely and, on occasion, this might include using connected parties. Trustees’ and governors’ personal and professional connections can bring benefits to the work of the school and the existence of a conflict of interest does not reflect on the integrity of the affected trustee or governor, as long as it is properly addressed. Where it is the best value for money, the quality of goods or services are high and to use another company would not be in the best interest of the school, independent governors may decide that the connected party is the best option for the school.

There are many checks and balances in place to ensure that Langley Hall Primary Academy complies with the rules relating to regularity, propriety and value for money. These are as follows:

1	An independent accountant is a member of the governing body and will be a member of the Finance & Resources Committee. The Committee works with the School’s Accountant and Accounting Officer, to monitor budgets and expenditure providing challenge and advice where appropriate.
2	The accounts are audited annually by an independent accountancy firm and the results submitted to the governing body and the Education Funding Agency and placed on the schools website. The auditors’ job is to scrutinise expenditure and make suggestions for improved practices. They would also report any impropriety or incorrect used of funds in line with the document CC29: Conflicts of interest: a guide for charity trustees Charity commission.

	The independent auditors have never found any impropriety or incorrect use of funds.
3	A termly audit is carried out by an external auditing company, focusing on specific aspects of the schools work and practices. The results of this are shared with the governing body and EFA, together with any recommendations.
4	All expenditure, however small, has to be approved first by the School's Accounting Officer on an expenditure approval form. No orders can be placed without the signature of the Accounting Officer on the form. If the payment is for a connected party, the Chair of Governors or Chair of the Finance Committee also signs the form.
5	No payments can be made without the approval of the Accounting Officer and School's Accountant, and both of their signatures have to be on the approval form. If the payment is for a connected party the Chair of Governors or Chair of the Finance Committee also signs the form.
6	All contracts or work secured with connected parties is made by governors <u>not</u> connected to the company in question. The relevant connected parties' personnel would absent themselves from any meeting where such decisions were being made.

It has been agreed with the EFA that in accordance with the Academies Financial Handbook directive all work carried out by connected parties must be at cost and must be declared in the accounts. LHPA has taken this directive one step further and has disclosed how they mitigate the risk of impropriety or perceived impropriety of all trustees and members who have connected parties.

The governing body has approved these payments for services or goods and external auditors have confirmed that payments were appropriate and complied with regulations. Sally Eaton (SE) has provided goods and services from her connected companies. The Childcare Company and Laser Learning either for no payment at all, or at cost or less than cost. Her gift of services and resources has exceeded £205,000 since the school was set up. She does not make claims that she is entitled to make for mobile, home or landline phone calls made on the schools behalf, paper and print costs when working at home at the weekend, petrol costs for all school journeys (except those made by others in the school who are using her motor vehicle for school business). She does not claim her entitlement to a school laptop, mobile phone or camera preferring to use her own equipment to save the school money. SE has recognised staff efforts and achievements by organising social event and thank you awards (e.g. the Music and Admin teams) and has made no charge for the costs incurred.

In past years, payments have been made to connected parties for the following reasons:

<i>Has been a related party since</i>	<i>Related party</i>	<i>Nature of relationship</i>	<i>How transactions are mitigated</i>	<i>Description of transaction</i>	<i>£</i>
1979	Chris Eaton (CE)	Husband of governor SE	CE'S years of experience in the education finance sector have been invaluable to the governors. The Chair of Governors (CoG) directs his time & duties. CE reports directly to the CoG.	From Sept 14 to March 15. CE worked 3 days a week to train new accountant. His remuneration for this was £25,083. From April 15 to August 15 CE took on a new reduced role as an advisor to the governors on commercial strategy. The remuneration for this was £5,973.	25,083 5,973
2007	Laser Learning Limited (LLL)	Company owned by SE & CE	CE and SE will leave any meeting when LL are discussed. CE and SE do not promote the services of LL to be used at the school. LL provides the school with Management Information Systems services that are unique and bespoke to the school. If the school requires further development work CE and SE will not get involved other than to advise on the viability of the work for LL and the usability of the system for LHPA. A specification of works is drawn up by the Head of IT for LL and the Chair of the Finance Committee negotiates on payment with the CEO. The plan is presented at the next full Governors' meeting: CE, SE and PS leave the room whilst any decisions are made.	The Laser was created for the school free of charge (worth £50,000) however school staffs have requested additional features. This work was carried out at less than cost and the company created a medical and accident reporting system and updates the club and shuttle bus services.	13,971

			The Chair of the Finance Committee will countersign any expenditure approval form for training purchased from LL.		
2010	Aston Bond	Legal firm to which Richard Carleton (RC) acts as a self-employed consultant	All works that RC conducts for the trust in his capacity as solicitor will be carried out at cost when they exceed £2,500 cumulatively in one school year. The element above £2,500 must be at no more than cost. An annual contract of renewal of services is discussed at a governors meeting and RC is asked to leave the meeting during these discussions. RC will leave any meeting that is making a decision on the use of services by AB & LL unless asked to answer questions. He may not vote on the use of AB & LL services.	Legal advice on various matters. His work approved with the EFA who also agreed this at cost .	15,826
2007	The Childcare Company (Old Windsor) Limited	Company owned by SE & CE		The Childcare Company gave two photocopiers to the school free of charge and the school paid the ink and servicing costs.	1,418
2011	Wellingtons for Langley Hall Limited	Nursery owned by SE	Wellingtons is invoiced for all services provided by the school at full rate. As Wellingtons for Langley Hall is a feeder Nursery to the school, SE would absent herself from any meeting at which Wellingtons is discussed unless specifically asked to attend in order to provide information.	During the year the school recharged employment costs for 2 employees seconded to the nursery. The school also charged Wellingtons for the uses of its swimming pool at the same rate that it charges to other external organisations who use the pool.	School invoiced Wellingtons for £12,026 income
2011	Matthew Eaton (ME)	Son of SE & CE	Work now carried out by an alternative graphic designer to avoid connected party issues; subsequently costs are 3 to 4 times more expensive.	Graphic design of certificates and leaflets for the school. Work was completed at less than cost and all work was approved by governors. Three quotes were obtained and ME's quote, at less than cost , was the cheapest.	1,609