

# Manor Multi Academy Trust

Year Ended 31 August 2021

## Management Letter

Prepared by

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## Internal controls issues

The multi academy trust's management is responsible for the identification, assessment, management and monitoring of risk, for developing, operating and monitoring the system of internal control and for providing assurance to the Board that it has done so.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to the multi academy trust.

In consequence, our work cannot be relied upon necessarily to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might develop.

We would be pleased to discuss any further work in this regard with the Board.

Our testing to date has identified the following significant control weaknesses which we consider should be brought to the Board's attention.

We have a system of grading our control weaknesses. Each weakness is graded based on the potential risk level to the multi academy trust:-

<b>High</b>	The multi academy trust is subject to levels of fundamental risk or inefficiency where immediate action should be taken to implement an agreed action plan;
<b>Medium</b>	Attention should be given to resolving the position as the multi academy trust may be subject to significant risks or inefficiency;
<b>Low</b>	Desirable improvements could be made to improve the control framework or strengthen the ability to mitigate against risks and improve efficiency;
<b>Best Practice</b>	Point brought to the attention of management as best practice only and the issue raised does not impact on the overall control environment.

**Current Year Points**

Risk Rating	Weakness	Risk	Recommendation	Management Response
Low	<p><b>Academy Not Claiming All Income it is entitled to</b></p> <p>Manor Primary School have a number of Academy National Non-Domestic Rates (NNDR) claims outstanding dating back to 2017, for a total of £32k.</p>	<p>The Trust has not submitted applications/claims on a timely basis, which is to the detriment of the Trust's cashflow.</p>	<p>Ensure that management are aware of all income that is available to the Trust and that this is claimed on a timely basis.</p>	<p>Management are aware of this issue and have submitted claims for Manor Primary School in 2021/22 to claim all entitled income. This is expected to be received in the December 2021 GAG statement.</p>
Low	<p><b>Capitalisation of Fixed Assets</b></p> <p>During our review of repairs and maintenance expenditure, several items over £2,500 were noted that do not appear to be capitalised in line with the Trust's policy.</p>	<p>Items of capital are not being capitalised in line with the Trust's policy.</p>	<p>We recommend that items of capital with a value over £2,500 are capitalised.</p>	<p>The school is working with external advisers to capture all capital spends for 2020/21 and the Finance Director, once appointed, will continue this work going forward.</p>

<p style="text-align: center;"><b>Low</b></p>	<p><b>Cash Control</b></p> <p>During our visit to Hateley Heath, we noted that petty cash was held on site for dinner money received totalling £580 as at 04/10/21.</p> <p>Monies are kept in a safe and the Headteacher regularly agrees and signs documentation to confirm the balance held. As at the audit date, no central records within the MAT were held to confirm this balance and this cash was not reflected in the Trust's financial statements.</p>	<p>Risk that cash could be misappropriated.</p> <p>Risk that cash balances are not correctly reflected in the MAT's accounts.</p> <p>Risk that appropriate insurance cover is not held for cash to be held onsite.</p>	<p>All income should be recognised in the Trust financial statements when the Trust has entitlement to that income.</p> <p>Cash should be banked on a regular basis.</p> <p>We recommend that the Trust reviews the policy at Hateley Heath for receiving and recording cash.</p>	<p>MAT management are aware of the cash balance held and the school are waiting for cash collection to be set up. Once this process is in place, central MAT records will be updated and streamlined and the school will move to a cashless system, in line with other schools in the Trust.</p>
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Previous Year Points

Risk Rating	Weakness	Risk	Recommendation	Prior Year Update	Cleared?
Low	<p><b>CIF projects</b> It is not clear from the minutes of Board meetings that CIF projects are discussed by Directors throughout the process from application through to completion</p>	<p>That the MAT is not complying with its Scheme of Delegation nor does it give sufficient time and information to the Trustees to make informed decisions on large value projects and the impact, if any, on the cash flow of each individual school.</p>	<p>The MAT’s Scheme of Delegation should be followed for all purchases, including those made for CIF projects. Finance meetings are to be reviewed for timeliness with the application and bid process for CIF funds and all available information should be made available ahead of all these meetings for Director review. Ongoing project updates should be regularly given to Trustees and in particular details around and over/under spend.</p>	<p>Going forward, CIF decisions will be taken to Directors at each stage of the process and there will be a regular agenda point on the finance committee agenda for the Directors to be updated on CIF projects.</p>	<p>✓</p>

<p><b>Low</b></p>	<p><b>Charge cards</b> We were advised during the audit of an instance in the year where laptops were purchased on a school charge card without prior authorisation.</p>	<p>Risk that the charge cards could be used for irregular or improper expenditure.</p>	<p>All expenditure on charge cards should be authorised before it is incurred.</p>	<p>It is the MAT policy that expenditure is authorised before incurred, but it was not adhered to in this instance. The purchases made were legitimate. Meetings have been held with all the schools in the MAT where the financial procedures policy has been re-emphasised, and each school has been asked to confirm in writing that the policy is understood.</p>	<p>✓</p>
<p><b>Low</b></p>	<p><b>Delivery Notes</b> For one purchase of books reviewed in the year, the delivery note was not retained.</p>	<p>Risk that the academy may incur liabilities for goods and services that have not been received.</p>	<p>Recommendation is that all goods received notes are retained, or that invoices are annotated to say when they have been agreed to delivery notes.</p>	<p>The Finance Director has raised this as an issue with all staff to retain Goods Received Notes in the future.</p>	<p>✓</p>

<p><b>Low</b></p>	<p><b>Management accounts</b> The management accounts currently include balance sheet information, but this is not presented in one balance sheet summary.</p>	<p>That the Trustees do not have sufficient information regarding the overall financial position of the Trust as at each reporting date.</p>	<p>A full balance sheet is included in the management accounts and where relevant, key information is highlighted to aid the users of the information.</p>	<p>The management accounts do include balance sheet information, but management accept that this could be enhanced and presented in one summary.</p>	<p>✓</p>
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<p style="text-align: center;"><b>Low</b></p>	<p><b>Declarations of interest</b> Declaration of interest not obtained for one Trustee for period under review.</p>	<p>Risk that relevant business and pecuniary interests are not appropriately disclosed in line with Academies Financial Handbook.</p>	<p>Declarations of interest to be obtained for all Trustees.</p>	<p>The Finance Director believes the Declaration of Interest noted was obtained by the clerk to the governors at the time, but a copy was not retained. This ‘clerk’ service is no longer used by the MAT. Management confirmed going forward that declarations will be obtained for all Trustees, members and local governors and records maintained, internally.</p>	<p style="text-align: center;">✓</p>
<p style="text-align: center;"><b>Low</b></p>	<p><b>Gifts policy</b> There is no gifts policy currently in place.</p>	<p>There is a risk that gifts purchased using MAT funds are inappropriate in nature or value and be judged as irregular.</p>	<p>We recommend introducing a specific gifts policy.</p>	<p>We agree that a gifts policy should be put in place and this will be discussed at future finance committee meetings</p>	<p style="text-align: center;">✓</p>

<p><b>Low</b></p>	<p><b>Website</b></p> <p>We noted that information required to be available on the schools' websites, per Section 2.10 of the Academies Financial Handbook, is not being kept up-to-date and in some instances dated back to 2017.</p>	<p>Risk that the requirements of the Academies Financial Handbook are not being met.</p>	<p>We would recommend that the schools' websites are updated regularly.</p>	<p>Noted and agreed.</p>	<p>✓</p>
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