

Our ref: TC/SB/012604

26 January 2021

Inspire Partnership Multi-Academy Trust
High Street
Gawthorpe
Ossett WF5 9QP

Dear Sirs

INSPIRE PARTNERSHIP MULTI-ACADEMY TRUST
MANAGEMENT LETTER FOR THE YEAR ENDED 31 AUGUST 2020

Audit approach and areas covered by the audit

Our audit of Inspire Partnership Multi-Academy Trust was risk-based and we adopted a substantive approach that focussed on the testing of key balance sheet areas and various samples of transactions during the year. Our work on regularity included, a review of the accounting officer's statement, an examination of the academy's procurement procedures and a review of expenditure.

Audit findings

As a result of the procedures which we undertook as part of our audit work on the above academy for the year ended 31 August 2020 the following matters were identified:

Issue (Risk level)	Description	Response
VAT (Medium)	<p>It was noted that the VAT for July 2020 was claimed twice in error. This is likely to be an isolated issue, and occurred due year end procedures confusing the process. It can be seen that the VAT account is usually reconciled to the VAT returns. The overclaim is to be corrected going forward.</p> <p>It was also noted that the VAT for one purchase invoice was not claimed. This also is thought to be an isolated issue caused by the invoice being credited off the system as was originally put on incorrectly, and then re-entered.</p>	<p>The overclaim occurred in September (for July'20's claim). This was during the height of the closedown, migration to a new 'Central Admin' finance system, the early months of the CFO's absence and unfamiliarity of the VAT Claim system. The overclaim has now been repaid. The Finance Officer is now fully aware of the VAT Claim process and will document the whole procedure, for future reference.</p> <p>We shall all endeavour to be more diligent when cancelling and re-entering VAT invoices in future. Checking that any such transactions appear in the following VAT Claim.</p>

Issue (Risk level)	Description	Response
Management accounts (low)	Management accounts have been prepared on a regular basis for trustees, but that these reports are produced on a timely basis each month, and should incorporate, income and expenditure variance against budget, balance sheet and details of cashflow movements.	The Month End procedures have been strengthened in order to delegate the responsibility for the production of the Management Accounts, in the protracted absence of the CFO. The Finance Officer will produce the initial documents one week after the end of each calendar month and make initial observations and comments, before passing these on to the SBO's and COO for further variance analysis.
Purchase invoice authorisation (low)	It was noted that in one instance a purchase invoice from Alamo for IT services, over the limit of £25,000, was not taken to the local governing board for approval. This was a recurring SLA, and is therefore regarded as low risk, but in principal should have been passed to the board for confirmation according to the delegated authorities in place.	The relatively new Finance & Admin Officers are both now aware of this limit and will act upon it accordingly.

Additional outstanding recommendations noted during work performed for the audit and resource committee during the year

Issue (Risk level)	Description	Response
Financial procedures (low)	The finance procedures manual is out of date and needs to be updated to reflect the current responsibilities for each member of the finance team	It was noted that in October 2020, the financial policies were reviewed and approved.

Status of audit recommendations from the previous year

Issue (Risk level)	Description	Status
Fixed assets (low)	It was noted that Fixed asset registers for the various schools did not take the same form, and in some cases included limited information. We would recommend using asset recording software and adopting similar recording systems across all the schools, to ensure an accurate picture is maintained of all the schools assets, particularly IT equipment.	The academy has obtained software for Fixed asset management but has not yet put it into operation.
The allocation of expenditure to different income streams (low)	It was noted that some expenditure is not easily allocated between some of the different income streams, such as Breakfast club income or Music service income. We would recommend where possible that the school allocates related expenditure to specific codes where applicable.	The Academy looked into implementing this, but was delayed by COVID and staffing issues. This shall be looked at in 2021.
Authorisation of invoices (low)	It was noted during the testing of purchase invoices that three invoices were not authorised for payment. It is important to ensure that systems are working properly, and all invoices are authorised prior to payment to avoid any issues arising.	Invoices are now authorised online. It was noted that credit card expenditure should be processed by the School Business manager, but this was not always the case.

Additional recommendations noted during work performed for the audit and resource committee during the year

Issue (Risk level)	Description	Status
Governing body competencies (low)	The governing body of the trust and local governing bodies had not performed a self-evaluation of competencies. We have been informed that the Trust's Chair has now undertaken a competency review.	Self-Assessment competency questionnaire's have yet to be completed.

Issue (Risk level)	Description	Status
Differences on control accounts and reports (medium)	The Gawthorpe Community Academy debtors report and bank account reconciliations contained differences to the balances as per the balance sheet. We have been informed that the systems errors in HCSS have been resolved, and the remaining differences are minimal. The bank reconciliation report of Half Acres Primary Academy was also slightly different to the cash book balance at the end of January 2019, and is now resolved.	This issue was resolved in 2018/19
Procedures manual requires updating for the new process to check supplier payment details. (low)	The check to a sample of supplier payment details should be added to the detailed procedures manual contained in the finance department of each academy, so the systems can be followed in the absence of key finance personnel.	There is now a Central financial function in place and a new Finance officer in post from January 2020 to address this issue going forward. A Procedure is now included within manual.
Supplier payment details (high)	The purchase procedures now include the requirement to check a sample of supplier details, however during the internal review the sample selected at Towngate Academy was incorrect. The payment was made to an old account used by the supplier that redirected the payments and so there has been no loss, however this highlights the need to ensure supplier details are checked. The school was going to review with Office Mangers to highlight the importance of these checks.	There is now a Central financial function in place and a new Finance officer in post from January 2020 to address this issue going forward. A Procedure is now included within manual.

Issue (Risk level)	Description	Status
Registers of pecuniary interests for some academies have not been updated in 2018/19 (low)	<p>The following finance teams and governors needed to complete declarations of interest in the current year:</p> <p>Finance teams:</p> <p>Gawthorpe (last completed July 2018)</p> <p>Half Acres</p> <p>Ash Grove</p> <p>Governors</p> <p>Towngate (last completed July 2018)</p> <p>Fitzwilliam (unable to obtain in March 2019)</p>	<p>School business officers, as well as some senior finance personnel in central finance team have prepared self-evaluations of financial competencies with the exception of the CEO, CFO and COO.</p>
Registers of pecuniary interests for some academies had not been updated on the academy website (low)	<p>The following websites needed updating with registers of governors' interests:</p> <ul style="list-style-type: none"> • Ackton Pastures • Ash Grove <p>Ackton Pastures is now updated, and it is only Ash Grove which remains.</p>	<p>Majority of websites have been updated with the exception of;</p> <p>Towngate Academy</p> <p>Ashgrove Primary Academy</p> <p>All registers have been completed for 2019/20</p>
The trust's financial management and governance policy (low)	<p>The trust's financial management and governance policy had not been updated since November 2016, but stipulates that it should be reviewed and updated every two years. We have been informed this was updated in September 2019.</p>	<p>The report has been updated and will be reviewed and approved by the trustees at their meeting in November 2019.</p>
The trust is forecasting gross deficits after year 4 and South Heindley Primary School and Ackton Pastures Primary Academy have current ratios of less than 1.0 at July 2019, indicating that cash flow could become an issue (medium)	<p>Monitoring and controlling cash flow is particularly important considering forecast deficits within the trust. We have been informed that cashflows are monitored on a monthly basis by the Trust, and they are aware of the forecast deficits and the need to review.</p>	<p>The Trust, are aware of the forecast deficits and the need to review. Current results for the Trust as a whole are strong.</p>

Issue (Risk level)	Description	Response
VAT (low)	VAT was not being correctly recorded on transactions within the trust, resulting in overstated inputs and outputs and impacting on partial exemption calculations, however it is unlikely that there will be any impact on the net VAT claimed from HMRC by the trust. Transactions between academies within the trust should be processed as "out of the scope of VAT" and thus not included in calculations or VAT returns.	There is now a Central financial function in place and a new Finance officer in post from January 2020 to address this issue going forward.

Gibson Booth, Chartered Accountants, accepts no liability to anyone other than the company as a result of this letter.

Yours faithfully



GIBSON BOOTH