

Griffin

Chartered Accountants

Internal Audit Report

Learning Academy Partnership (South West)

Risk management and budgeting & monitoring

Visit date: 17th & 18th June 2025
Issued by: Harvey Field



Learning Academy Partnership (South West)

1. Basis of the report

The Academy Trust Handbook requires that all Trusts have a process in place for checking its financial systems, controls, transactions and risks. One of the options laid out for fulfilling this requirement is for the Trust to appoint an internal auditor and it is in this capacity that we are making this report.

Timetable of work

Griffin will carry out three visits to the Trust in order to fulfil these obligations, one in the Autumn Term, one in the Spring and one during the Summer term.

Over the course of the year our work will cover the following key areas:

- Purchases and expenditure
- Recruitment processes
- Financial budgeting and monitoring
- Bank reconciliations
- Risk management

Our work will establish the existing systems that the Trust has in place, test whether these systems are being followed and make suggested improvements.

Work completed June 2025




Risk management

- Review of risk register
- Trustee approval
- Consideration of high-risk areas
- Data protection and cyber security

Financial budgeting & monitoring

- Ensure approval of the Trust's budget.
- Evaluate assumptions used in the Trust's forecasting.
- Review of previous internal audit report by the Audit and Finance Committee.
- Review management accounts frequency.
- Detail of financial information provided to the Finance Committee.
- Ensure accurate financial information is provided to Trustees.
- Review evidence of challenge from Trustees.
- Check on finance Committee meeting frequency and ESFA returns.
- Review reserves policy and position.

2. Update on previous findings

Finding		Recommendation	Priority	Management Response
Anti-Fraud Framework				
1.	<p>Lack of IT/cyber security risks</p> <p>The risk register has few cyber security risks. Whilst additional risks are included on their Digital Standards Review form, the likelihood and impact of each risk has not been assessed by the Trustees or linked to the risk register.</p>	<p>It is recommended that the risks on the Digital Standards Review are incorporated into the risk register. This could be achieved by giving a RAG rating to the risks within the review or referencing the information in the Digital Standards Review within the risk register. This will ensure that these additional risks are reviewed alongside the register on an annual basis.</p> <p>Update December 2024: The academy has implemented a strategy to add a RAG rating to the risks within the Digital Standards Review, to ensure the academy have sufficient cyber security risks. This has yet to be implemented, so will be tested again at a future audit.</p>	  	<p>Management Response June 2024: The Digital Standards Review document will be updated in the Autumn term to reflect any changes that have occurred, including the addition of new schools that have joined the Trust. As per the recommendation we will RAG rate each standard and will reference the document on the Trust risk register.</p> <p>Management Response December 2024: The Trust is working in partnership with their IT partner to review the DFE Digital Standards. These have been RAG rated and will be added to the Trust risk register in January 2025.</p>

		<p>Update February 2025: During the audit, it was confirmed that the Digital Standards meeting with IT providers (Computeam) has been scheduled for later this term, so an update will be provided at the next internal audit.</p> <p>Update June 2025: The Trusts Digital Standards Review now incorporates RAG ratings for risks. Going forward this document will be reviewed on an annual basis by the Resources Committee, who will pass on their recommendation for approval onto the Board of Trustees.</p>		
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3. Work completed

	Work completed	Result	Conclusion
Risk Management			
1.	<p>Review of risk register</p> <p>We obtained a copy of the Trusts' risk register, and analysed the range of risks included, considering both financial and non-financial risks.</p> <p>We checked that the risk register has been reviewed for changes on at least an annual basis, and that reasonable controls have been implemented to mitigate high and medium level risks.</p> <p>We ensured that the risk register has been tailored to the characteristics of the Trust and is not just a generic template. This will help the Trust to effectively manage their unique risk profile.</p>	<p>The Trust holds two risk registers. The first is a central register detailing Trust wide risks which are applicable to the Trust as a whole. They also hold a school level register which details risks which are applicable to a specific school or group of schools. These registers are reviewed annually by the trust board.</p> <p>These risk registers contain a variety of financial and non-financial risks, which are deemed appropriate considering the size and characteristics of the trust. These include Governance, Operational and Strategic risks. Within the registers, there are also details of measures taken to reduce risks, and controls which are in place to mitigate the risks identified.</p> <p>The register also rates risk on both likelihood and impact, to provide a total numerical rating. This is then also placed on an RAG scale for easy interpretation.</p>	No issues identified

		The date of scheduled review for each risk is also stated, as well as details of the employee who is responsible for monitoring said risk.	
2.	Trustee approval Ensured that the risk register has been appropriately approved by the Board of Trustees within the last 12 months.	The board of Trustees formally reviewed the Trust Risk Register during their meeting on 26th September 2024, and Trustee input was received.	No issues identified
3.	Consideration of high-risk areas Ensured that the Board of Trustees have discussed high-risk areas identified on the risk register, and that these are being continually monitored where they are areas that cannot be tested by the internal audit.	High risks are regularly discussed in both the full board and audit, risk, and resources committee meetings. High financial risks are tested by internal auditors three times during the academic year to ensure that sufficient controls are in place. Non-financial risks are also reviewed by external parties where possible, and there are plans in place to implement a cyber security review in the next academic year.	No issues identified

4.	<p>Cyber security</p> <p>Ensured the Trust has procedures in place to mitigate and protect against the risks of cyber security and cybercrime.</p> <p>Ensured that all staff have completed the free cyber security training and there is a record of who has completed this.</p>	<p>There are a minimal number of IT risks included on the risk register. Whilst the Trust does have a separate Digital Standards Review, that has recently incorporated RAG ratings. Going forward this document will be reviewed on an annual basis by the Resources Committee, who will pass on their recommendation for approval onto the Board of Trustees.</p> <p>Online cyber security training must be completed by all staff that work with IT equipment. From September 2025, new mandatory training will be implemented through the trust's third-party IT provider, on a Learning Locker Portal. Automated reminders will be sent before deadlines, and a member of the central team will hold a list of staff who are yet to complete the required elements.</p>	<p>See update on previous findings in Section 2.</p>
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Budgeting and Monitoring			
5.	Approval of the Trust's budget Obtained a copy of the Trust's budget and agreed approval by Trustees. If total unrestricted plus restricted reserves are forecast to be in deficit has the Trust notified ESFA within 14 calendar days of the budget approval meeting?	<p>The Trust's most recent three-year budget forecast was approved by the Full Board of Trustees on 3rd July 2025.</p> <p>A surplus has been forecast for 25/26, and deficits have been forecast for 26/27 and 27/28, due predominantly to an increase in staff costs and reduction in expected GAG income.</p>	No issues to note
6.	Evaluate assumptions used in the Trust's forecasting Reviewed the key planning assumptions used in the budget forecast report presented to the Finance Committee and considered whether or not these are reasonable.	<p>Key assumptions used to prepare the budget forecast are based on a combination of expert information and ISBL planning assumptions. These are specific assumptions relevant to the education sector. Less predictable costs are based on current costs and raised in line with inflation. Where possible, overhead costs such as energy are locked in on a fixed period basis, and in these cases the fixed cost is used.</p>	No issues to note

7.	<p>Review of previous internal audit report by the Audit and Finance Committee</p> <p>Checked that Governors received a copy of the last internal audit report in a timely manner. Determined if the findings and recommendations have been reviewed and a plan in place to rectify the issues.</p>	<p>The last internal audit carried out took place in February 2025. The report from this visit was circulated to the Audit, Risk and Resource committee in a timely manner, and was reviewed during the next meeting on 6th March 2025.</p>	<p>No issues to note</p>
8.	<p>Management accounts frequency</p> <p>It is a requirement of the ATH that management accounts are prepared monthly (consisting of SOFA, Balance Sheet, budget variance reports, cash flow forecasts and sufficient information to manage cash, debtors and creditors) and should be shared with the Chair of Trustees every month.</p>	<p>Management accounts are prepared monthly and shared directly to trustees via teams.</p> <p>They include a balance sheet, cashflow and a forecast summary detailing the variation between actual and forecasted figures for income and expenditure. Management accounts also include a financial summary to highlighting any significant movement in figures month on month. Aged creditor and debtor reports are also included.</p>	<p>No issues to note</p>

9.	<p>Financial information provided to Trustees</p> <p>Obtained a copy of the most recent finance report provided to Trustees and review the meeting minutes for evidence that they have reviewed the actual figures against budget.</p> <p>Considered whether the report provided to Trustees is appropriate for them to understand the financial results and how they are doing compared to budget.</p>	<p>During the most recent Audit, Risk and Resource committee meeting, a review was performed of management accounts circulated to the board.</p> <p>The Trustees are provided with a range of financial information, which detail an overview of the trust's financial activities and overall position. This includes a summary report, which details movement in reserves, financial difficulties and potential opportunities relevant to the academy at any one time.</p>	No issues to note
10.	<p>Accuracy of the management accounts provided to Trustees</p> <p>Agreed income, expenditure and balance sheet totals per the most recent management report to the accounting software for that period, to ensure the Finance Committee are receiving accurate financial information.</p>	<p>Income, expenditure and balance sheet totals per the May 2025 management accounts have been agreed to totals within the Trust's accounting software (PSF). No material differences were identified, so it is deemed that the information provided to Trustees is not only relevant but also accurate.</p> <p>The bank balance for the academy's primary bank account in the May 2025 management accounts has also been agreed to both the accounting software and a bank statement.</p>	No issues to note





11.	Evidence of challenge from Trustees Reviewed the meeting minutes from the most recent available Trustee meeting for evidence that the financial performance was subject to challenge from the Trustees.	A review of the most recent Finance Committee meeting minutes highlighted appropriate scrutiny from the Trustees. Significant increases in costs were discussed in more detail, and the Trustees questioned areas of focus such as recruitment and agency staff costs.	No issues to note
12.	Finance Committee meeting frequency and ESFA returns. Confirmed that the Finance Committee has met at least termly and all ESFA returns have been submitted in a timely fashion. For the budget forecast, confirm the figures submitted agree to the budget authorised by Trustees.	<p>The Audit, Risk and Resources committee have met four times this year and have at least one more meeting planned before the year end. Management accounts have been provided and discussed during each of the meetings so far.</p> <p>The three-year budget forecast return was submitted on 13th August 2024. The overall surplus/ deficits forecast per the three-year return agrees to the budget overview which was approved by the Trustees.</p>	No issues to note

13.	<p>Reserve policy and position</p> <p>Reviewed the prior year accounts to establish the reserves policy and checked if this is still applicable.</p> <p>Checked what is the current reserves position of the academy and what is the forecast for the current financial year. If reserves are lower than the policy or forecast to be lower than the reserves policy, what action is being taken?</p>	<p>The Trust's reserves policy is to maintain a position of approximately one month's salary costs at a minimum. This can be estimated as £903,515 (excluding pension and depreciation) in the 2024 accounts. This policy was last reviewed in Autumn 2024.</p> <p>The Trust has a healthy reserve position. In the 2024 accounts there was a free reserve balance of £1,004,206. The academy is currently estimating a small surplus for the 2024/25 academic. Whilst this will still leave the academy in a healthy reserve position at the year end, they are currently forecasting larger deficits moving forward. These deficits have been discussed by the board, and there are ongoing actions to address this, including a consultation to reduce the working weeks of some staff.</p>	No issues to note
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4. Recommendations

From our testing of the trust's budgeting and monitoring, and risk management, we have not identified any new recommendations. This is testament to the Chief Financial Officer and her team.

Report Priority rating

	Fundamental findings that need the immediate attention of management
	Important findings that require management attention, but are not fundamental in nature
	Minor issues that can be improved or administrative errors that require correcting
	The issue has been resolved

