

APPENDIX I - 2014 Recommendation

Description & Impact	Recommendation	Management Response	Category
Governance matters			
<i>Audit & Finance Committee Meetings</i> We note that only two meetings have taken place during the year September 2013 to August 2014; and that the finance committee is made up of a Director, the Principal and SBM.	We recommend that the finance committee aims to meet at least once a term to ensure a more robust monitoring financial framework. We also recommend that additional Directors are invited to join the committee to ensure appropriate oversight of financial transactions	Finance Meeting will be held after each Board Meeting	
Accounting matters			
<i>Finance Manual</i> Whilst there is a Purchase Order Process Flow Chart in place, the overall finance manual (detailing all procedures) was in draft 12 months ago and is still incomplete.	Please ensure this is addressed ASAP as there is continued reliance on the School Business Manager, and puts system at risk should he be absent or leave his role.	This is in progress and will be finalised by end of March 2015	
<i>Funding agreements with referring schools</i> It was noted during the audit that there were disputes with mainstream schools other the AWPU recharges due to a change in their formula, and there was no obligation for them to pay Acorn Academy Cornwall the amounts invoiced as there were no funding agreements in place for some pupils.	Each academy's headteacher must ensure funding agreements are in place with all students to secure funding, and debtor recoverability. This would help limit the MAT's exposure to credit risk.	Agreed – all secretaries will be tasked with chasing funding agreements	
<i>ACMF Monitoring forms</i> It was noted that these were not submitted to the EFA amid confusion over anticipated completion date.	Please contact the EFA regarding the matter and what the next course of action is.	Agreed – actioned and completion certificate submitted	

APPENDIX II – Follow up on 2013 Recommendations

Control Observations and Recommendations

Description, Impact, & Recommendation	2013 Management Response	Follow up	Category
---------------------------------------	--------------------------	-----------	----------

Governance matters

Buildings Insurance for Falmouth

It was noted from the audit fieldwork that there is separate legal title to the classroom and bathrooms at Beacon School, Falmouth. This freehold has been leased to Acorn as part of the conversion, and is not a sublease (like that from Biscovey Academy).

No longer applicable as the rental agreement has come to an end.

The Nurture group has relocated to Nine Maidens AP Academy and Beacon School is no longer used by the Academy Trust.



RESOLVED

Therefore, we are uncertain that contents insurance alone is actually safeguarding the assets at Falmouth, and buildings insurance may well be required.

Accounting matters

Purchase authorisation

The current accounting software package is not configured to require purchase invoices to be authorised prior to payment. The system relies on the matching of purchase invoices to authorised purchase orders, for which the amounts do not always agree. This could lead to payments that are not *bona fide*.

To be investigated

There continues to be some purchase system weakness where Purchased Orders are matched to Goods Received Notes that do not agree.

There is increased risk of non bona fide expenditure being incurred if the person authorising the invoice assumes the order has been fulfilled.



PART- RESOLVED

In addition, the system can be overridden by entering non-order purchase invoices. These transaction types bypass the Purchase Order Process, and is not subject to any of the authorisation limits. This could adversely impact budget monitoring procedures, as well as makings payments that are not *bona fide*.



Observations refer to issues that are so fundamental to the system of internal control that management should address immediately to minimise the risk of a material misstatement within the financial statements



Observations refer mainly to issues that have an important effect on the system of internal control and, if left uncorrected could potentially lead to a material misstatement within the financial statements.



Observations refer to issues that would if corrected, improve internal control in general and engender good practice, but is unlikely to have a material impact on the financial statements