

The Talentum Learning Trust

Management Letter

Period ended 31 August 2016

Internal controls issues...

The 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 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 Academy Trust.

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

2016 Management letter points.....				
Risk Rating	Weakness	Risk	Recommendation	Management Response and estimated timescale for action
Medium	<p>Recognition of DFC income</p> <p>DFC had been recognised in full when it had been received.</p>	Income could be misstated.	DFC income should be recognised evenly over the period to which it relates.	Now recognised evenly / adjusted for.
Medium	<p>Payroll authorisation</p> <p>Currently, amendments and final payroll authorisation are both done by the SSM's.</p>	Fraudulent transactions could escape detection.	Final approval of the pay reports should be done by the associate heads or someone else with delegated authority.	Further payroll controls to be implemented. Associate Headteachers to sign final approval.
Medium	<p>Pecuniary interest forms</p> <p>It appears that pecuniary interest forms have not all been completed properly as companies in which they are also directors have not been included.</p>	Connected/related party transactions could escape detection and irregularity could ensue.	All companies in which trustees/members have a vested interest in should be included on the pecuniary interest forms.	Pecuniary interest forms now have additional wording to clarify this requirement.
Low	<p>Signed contracts of employment</p> <p>It appears that there aren't signed contracts of employment on file for all employees.</p>	If a dispute were to ever arise, the Trust may have insufficient evidence on file to support their case.	Where contracts are not on file, new contracts should be issued.	Original contracts for TUPE staff retained by LA. Implemented for new TTLT employees since conversion.

2016 Management letter points.....				
Risk Rating	Weakness	Risk	Recommendation	Management Response and estimated timescale for action
Low	<p>Signed pay amendment letters</p> <p>Signed pay letters are not always retained and placed in the employees personnel file.</p>	<p>If a dispute were to ever arise, the Trust may have insufficient evidence on file that the employee had been notified of the pay amendment.</p>	<p>Whenever pay is amended, a letter should be sent to staff and should be placed on the personnel file.</p>	<p>Now implemented.</p>
Low	<p>Talentum bank reconciliation</p> <p>The Talentum bank reconciliation was done as at 16th August, not at 31st August.</p>	<p>If the amount per the nominal and the amount per the bank statement didn't agree, then there would not have been an up to date reconciliation.</p>	<p>In line with the rest of the trust, the bank should be reconciled at the month end.</p>	<p>Now implemented.</p>
Low	<p>SEN income</p> <p>SEN income had not always been accrued into 2015/16 for amounts received post year end relating to the summer term.</p>	<p>Income may be misstated.</p>	<p>Income should be recognised when it relates to not when it is received.</p>	<p>Now recognised / adjusted for.</p>