



Education & Skills
Funding Agency

ESFA Investigation Outcome report

Provider: Langdale Free School

Background

Between 2022 and 2023 the Education and Skills Funding Agency (ESFA) investigated the following concerns related to financial irregularity at Langdale Free School (LFS) (Registered Office London):

- Property occupation and ownership
- Use of Pupil and Sports Premium to pay an unrelated debt
- Accounting practices and payments to a company providing corporate services

Outcomes of the investigation

- The investigation examined arrangements around property occupation and ownership. It identified some risks for the trust and found that the accounting treatment of a property did not comply with the Academies Accounts Direction and Charities Standard of Recommended Practice (SORP) FRS102 because of misclassification.
- Concerns around the use of Pupil Premium and Sports Premium to pay an unrelated debt were not substantiated by the investigation.
- The investigation found that the trust had failed to keep full and accurate accounting records in respect of payments for services provided by a related party.
- The investigation identified that the trust had not addressed previously identified issues highlighted in an ESFA Financial management and governance review in 2019. The Financial management and governance review in 2019 led to the trust being issued a Notice to Improve. This investigation found the trust was not transparent in reporting their governance arrangements and that their governance arrangements were in contravention of the Academy Trust Handbook / Academy Financial Handbook.

The following breaches of the Academy Trust Handbook (ATH) (formerly the Academy Financial Handbook (AFH)) were identified:

| Framework | Breach | Issue |
|---|---|--|
| <p>Non-compliance with mandatory AFH/ATH requirements.</p> <p>*As per the ATH 2022:</p> | <p>Sections:</p> <p>1.5</p> <p>1.6</p> <p>2.56</p> | <p>Governance Arrangements:</p> <p>1.5 – A Member was an employee of the trust.</p> <p>1.6 – There was not significant separation between the individuals who were members and those who were trustees.</p> <p>2.56 – The Get information About Schools (GIAS) register was not kept up to date.</p> |
| <p>*As per the ATH 2022:</p> | <p>Sections:</p> <p>1.35</p> <p>1.40</p> <p>2.1</p> | <p>Financial Oversight:</p> <p>1.35 – Trustees’ had not taken responsibility for the proper conduct and financial operation of the trust.</p> <p>1.40 – The AO did not have oversight of financial transactions to:</p> <ul style="list-style-type: none"> • ensure property/assets were under trustees’ control to prevent losses and misuse • keep full and accurate accounting records <p>2.1 – Trustees and management had not maintained robust oversight of the academy trust.</p> |

| Issue | Prevention |
|--|--|
| Financial Requirements – Financial oversight | Trusts should ensure that they have a robust governance framework in place to include policies, procedures and processes. Trustees and Senior Management should work collaboratively to ensure that financial oversight is maintained at the highest level in the trust. |
| Preparation and audit of accounts | <p>Trusts should ensure that they have a process in place relating to the preparation and audit of their accounts. They should refer to the guidance in the ATH as well as the Charities Commission Statement of Recommended Practice.</p> <p>Trusts should also act in a timely manner on issues highlighted within post audit management reports and take appropriate action to mitigate risks at the point that they materialise.</p> |