

Audit Report for the Year Ended 31st August 2023

Encompassing the Management
Letter, System Findings and other Audit Matters

Conisbrough Ivanhoe Primary Academy

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1. Audit Introduction and General Comments

We would like to take this opportunity of expressing our thanks to your staff for their assistance during the course of our audit. We are pleased to report that the audit was completed successfully and without any problems. The timescale for completing the audit and accounts is very tight, and we appreciate the effort that the finance team in particular have gone to in order to assist us.

We found your team helpful and not evasive in any way, which allowed us to obtain information freely and easily.

It is also worth noting that our audit work is only conducted on a sample basis, so is unable to guarantee that all errors are found. As a result of this, you may feel that certain areas, such as reviews of specific controls, especially in connection with wages, tax and VAT would benefit from more detailed investigation.

The finance team need to be aware that the Accounts Return needs to be completed by the deadline of 30th January 2024.

2. Key Audit Areas

<i>Key Audit Areas</i>	Our Approach
<i>Income recognition</i>	<p>We will reconcile any General Annual Grant (GAG) funding to the funding document provided by ESFA. All other material grant funding will be agreed to funding documentation.</p> <p>Other material income streams will have controls testing completed.</p>
<i>Completeness and accuracy of payroll</i>	<p>As payroll is the largest cost in the accounts a proof in total will be completed, reconciling the wages on payroll records to the accounts. We will also test controls surrounding authorisation of payroll and ensure deductions surrounding PAYE and NI have been made correctly.</p>
<i>Compliance with the ESFA requirements to ensure there are no regularity issues.</i>	<p>We will ensure the Trust is complying with the 'musts' in the Academies Financial Handbook and that purchases made are deemed to be appropriate academic expenditure.</p>
<i>Statement of Financial Activities and fund allocations</i>	<p>We will review the major classification of income and expenditure to confirm they are consistent with expectations and to consider whether explanations for significant variances are reasonable.</p> <p>We will review the allocation of funds in the statement of financial activities and ensure that this appears appropriate and in line with our expectations.</p>
<i>Going concern review</i>	<p>We will consider the ability of the Trust to continue to operate as a going concern considering the following:</p> <ul style="list-style-type: none"> - The impact of the current economic climate on the Trust's financial performance. - A review of the Trust's financial performance following the year end and its budget for the coming financial period. - The financial support the company receives from the Government and will receive in the medium to long term. - The Trustees going concern assessment provided. - The impact of increase in energy costs and support staff pay increase on the Trust's post year end financial performance.

3. Financial Executive Summary –for the Year Ended 31 August 2023

- During the year total expenditure of £2.21 million was not covered by the recurrent grant funding from the DfE together with other incoming resources of £2.20 million (excluding capital grants). The excess of expenditure over income for the period was £11k. If the depreciation and FRS 102 pension adjustments were added back to the excess figure of £11k, the Trust made a surplus of £35k. For more details see page 15.
- Total income of £2.2 million decreased by £237k. This is mainly due to a £310k decrease in capital grants (CIF), a £147k increase in funding for educational operations and a £150k decrease in donated fixed assets. For more details see pages 7-8.
- Total expenditure of £2.2 million, a decrease of £9k. Expenditure mainly relates to staff costs of £1.7 million, a decrease of £5k over last year. For more details see pages 9-10.
- The net book value of tangible fixed assets on the Balance Sheet is £5.0 million, increase of £2.7 million over the last year. This is mainly due to revaluation gain on the Land and Buildings amounts in the year. For more details see page 12.
- The LGPS pension scheme liability in the Balance Sheet in relation to support staff shows a net liability of £214k. This is a decrease of £258k mainly due to a change in assumptions in the discount rate. For more details see page 14.
- The total amount of free reserves available for the Trust is £121k. For more details see pages 15.

4. Non-Financial Executive Summary – for the Year Ended 31 August 2023

- We have raised 14 specific audit and control points, 3 of which are key concern (red) 8 of which are moderate concern (orange) and 3 of which are minor concerns (yellow). For more details see pages 20-28. The 2 key concerns are around register of interest forms, management accounts and the academy's website.
- There are no expected modifications to the auditors' report and regularity report.
- There are two unadjusted errors above the trivial amount of £5,000 to report totalling £11,327. For more detail see page 30.
- We have not identified any instances of fraud or non-compliance with laws and regulations.
- You have confirmed that you believe the Trust is a going concern for a period of up to 31 December 2023, around a year after signing the accounts. We will carry out a detailed going concern review to confirm this opinion is correct.

5. Overview of the year

We can make the following summary comments in connection with the period end accounts:

Income

The total income for the Trust is made up of the following:

	2023 £	% of income	2022 £	% of income
<i>Funding for the Academy's educational operations</i>	2,092,924	93.95%	1,946,157	78.97%
<i>Capital grants</i>	25,815	1.16%	336,053	13.64%
<i>Other trading activities (Note 4)</i>	64,989	1.96%	20,168	0.82%
<i>Other voluntary income</i>	43,633	2.92%	12,330	0.50%
<i>Investment income (Note 5)</i>	224	0.01%	22	0.00%
<i>Donated fixed assets</i>	-	0.00%	149,785	6.08%
Total	2,227,585	100.00%	2,464,515	100.00%

Total income for the Academy Trust during the year is £2.23 million which compares to £2.46 million last year, a decrease of £237k. The key reasons for this decrease are:

- This year capital grants received were lower than last year by £310k. This was mainly due to the decrease in CIF (Condition Improvement Funding) this year.

- Funding for educational operations has increased by £147k, largely due to:
 - a. an increase in GAG funding of £116k
 - b. an increase in other ESFA grants of £79k
 - c. an increase in pupil premium of £19k
 - d. a decrease in other income of £44k, this is catering income which has been included in unrestricted income this year
 - e. a decrease in Covid-19 funding of £25k
- Other trading activities income has increased by £45k. See more detail below.
- Other voluntary income – this is amounts received for school trips, fundraising and donations which has increased by £31k when compared to last year.
- Donated fixed assets has decreased by £150k.

As can be seen from the above 94.0% (2022: 84.1%) of the total income (excluding donated assets) is made up of Government Funding for educational operations. The Government Funding income streams have been proved in total by reviewing letters and supporting documentation from funding providers.

Other trading activities income can be broken down as follows:

	2023	2022
<i>Other trading activities</i>		
<i>Hire of facilities</i>	-	150
<i>Catering income</i>	20,099	-
<i>Other sales</i>	20,692	2,975
<i>Breakfast club income</i>	24,198	17,043
	64,989	20,168

Our audit work has not highlighted any systems issues or cut off concerns in respect to other income.

Expenditure

The main costs relating to the Trust are staff costs totalling £1,681,676 (2022: £1,686,639) which make up 74.90% (2022: 75.93%) of your total costs. This percentage is below the maximum guidance from ESFA of 80% and do appear to be reasonably in line with other Academy Trusts we act for.

Staff costs are 76.38% (2022: 85.24%) of revenue income (excluding capital grants and donated fixed assets).

The total staff costs can be broken down as follows:

	2023	2022
	£	£
<i>Wages & salaries</i>	1,301,764	1,212,320
<i>Employers National Insurance</i>	110,998	103,455
<i>Employer pension costs</i>	247,136	259,909
<i>LGPS Service cost adjustment</i>	15,000	109,000
<i>Supply teachers</i>	-	1,955
<i>Staff restructuring costs</i>	6,778	-
Total	1,681,676	1,686,639

These costs have been reconciled to your payroll provider's reports with no material errors.

The average wage per teacher in the Trust is £30,511.

<i>Other sizeable costs relating to the educational operations are as follows:</i>	2023 £	% of revenue income	2022 £	% of revenue income
<i>Educational supplies</i>	80,629	3.74%	71,490	3.64%
<i>Other direct costs</i>	31,683	1.47%	33,297	1.69%
<i>Professional Costs</i>	28,611	1.33%	24,343	1.24%
<i>Maintenance of premises and equipment</i>	59,701	2.77%	44,992	2.29%
<i>Maintenance costs include: £11k of various building repairs, £10k of ground maintenance, £11k of other occupancy costs, £7k of refuse removal, and £5k of health and safety costs as well as other general maintenance costs.</i>				
<i>Depreciation</i>	10,487	2.01%	57,912	2.95%
<i>Depreciation costs are based on the depreciation policies adopted.</i>				
<i>Rent, rates and utilities</i>	42,942	1.99%	33,689	1.71%
<i>Rent, rates and utilities includes £13k of gas costs, £26k of electricity costs and £4k of water rates.</i>				
<i>Insurance</i>	8,768	0.41%	7,553	0.38%
<i>Catering</i>	132,336	6.13%	109,050	5.55%
<i>Other support costs</i>	115,451	5.35%	140,129	7.13%
<i>Other support costs include cleaning costs of £14k, recruitment and support costs of £4k, technology costs of £42k</i>				
<i>FRS 102 pension adjustment</i>	20,000	0.93%	22,000	1.12%
<i>The figures for the FRS 102 pension adjustment is provided by the Trust's actuary, Hymans Robertson LLP.</i>				

The remaining expenditure relates to the general running of the Trust and does appear reasonable and our audit work has not found any material errors or cut off issues.

The in year surplus (per the accounts) is provided below:

Income	Expenditure	Surplus / (deficit)	FRS 102 pension actuarial gain	Gains on revaluation of fixed assets (land & buildings)	Net surplus/(deficit) per SOFA	Add back depreciation	Add back total FRS 102 pension adjustments	Less FRS 102 pension actuarial gain	Net surplus/(deficit) excluding depreciation and FRS 102 pension adjustments	Less capital grants	Less gains on revaluation of fixed assets (land & buildings)	Net surplus/(deficit) excluding depreciation, FRS 102 pension adjustments, capital grants and gains on revaluations
2,227,585	(2,212,284)	15,301	293,000	2,710,005	3,018,306	10,487	35,000	(293,000)	2,770,793	(25,815)	(2,710,005)	34,973

Balance sheet

The net balance sheet position including the pension scheme liability shows net assets totalling £4,918,077 (2022: £1,899,771) however when the pension liability is removed there are net assets totalling £5,132,077 compared to £2,371,771 in 2022.

The Balance Sheet is broken down as follows:

	2023 £	2022 £
<i>Tangible Fixed Assets - £5,011,241 (2022 - £2,280,272)</i>		
<i>Leasehold land and buildings</i>	4,994,000	2,274,790
<i>Furniture and equipment</i>	17,241	-
<i>Computer equipment</i>	-	5,482

Tangible fixed asset additions in the year amounted to £31,453. Leasehold land and buildings include a revaluation gain of £2.7 million this year. The total depreciation charge for the year totalled £10,487.

Debtors - £79,011 (2022 - £383,319)

<i>Trade debtors</i>	5,592	1,610
<i>VAT recoverable</i>	-	7,371
<i>Prepayments</i>	33,212	42,638
<i>Accrued income</i>	36,803	331,700
<i>Other debtors</i>	3,404	-

Accrued income mainly relates to pupil premium funding for the period up to 31 August 2023 which was received after 31 August 2023.

	2023 £	2022 £
<i>Cash at bank and in hand - £141,126 (2022 - £70,480)</i>		
<i>Main bank account</i>	129,426	43,424
<i>Savings account</i>	11,700	27,056
<i>Creditors due under 1 year £99,303 (2022 - £362,300)</i>		
<i>Trade creditors</i>	4,095	1,476
<i>Other taxation and social security</i>	-	6,023
<i>Other creditors</i>	15,678	-
<i>Accruals</i>	49,806	334,633
<i>Deferred Income</i>	29,724	20,168

Accruals include £21k in relation to the support staff back pay increase for the five month period from April 2023 to August 2023. The support staff pay increase awarded by the Government is for an annual amount of £1,925 per employee, adjusted for their FTE (full time equivalent). The other creditors amount relates to VAT. Deferred income relates to UIFSM.

These figures have been confirmed to back up information and do not indicate there are any material errors. We have also completed cut off work to ensure that all creditors are included in the accounts and no material problems have been encountered.

Pension Schemes

The Trust's employees belong to two pension schemes:

1. Teachers' Pension Scheme (TPS) for academic and related staff.

The TPS is an un-funded (no assets) multi-employer defined benefit pension scheme where there is one fund for everyone and employers are not tracked. The TPS is accounted for as if it were a defined contribution scheme and not as a defined benefit scheme.

2. Local Government Pension Scheme (LGPS) for non-teaching staff.

The LGPS is a funded defined benefit pension scheme where funds are split into regional funds and employers are tracked. The LGPS is accounted for as a defined benefit pension scheme with the scheme liability included on the Trust's Balance Sheet.

The Balance Sheet at 31 August 2023 shows a LGPS deficit for the Trust of £214,000. This compares to the deficit of £472,000 at 31 August 2022. This is a total decrease in the LGPS liability of £258,000.

This pension scheme deficit is based on the actuarial valuation completed by Hymans Robertson LLP, the Trust's Actuary.

The decrease in pension deficit of £258,000 compared to the prior year is due to the changes in assumptions used in the valuation by Hymans Robertson:

- Rate of increase in salaries - decreased to 3.6% from 4.0% used last year. The decrease in salaries usually follows the inflation margin, so the 0.4% decrease is fairly in line with the CPI decrease below. A decrease in salaries has the impact of decreasing the obligations / liability of the pension scheme.
- Discount rate - increased to 5.2% from 4.3% last year. The discount rate represents the yield on AA-rated corporate bonds. An increase in the discount rate has the impact of decreasing the obligations / liability of the pension scheme. This assumption has the highest impact on the pension scheme liability and so is the main driver of decreasing the liability this year.
- Inflation (benefit increases CPI) - decreased to 3.0% from 3.2% last year

The liability is underwritten by the DfE so should never become payable by the Academy. However, it is possible that the Trust's annual contribution could increase.

Overall

We consider that the funds of the Trust have been used appropriately and for the benefit of the school's pupils during the year. The total amount of free reserves available for the Trust is £120,836 (2022: £91,499) and is made up of:

- Unrestricted funds total carry forward of £120,836, which have increased by £29,337.

During the year to 31 August 2023 a transfer from of £5,636 from General Annual Grant to Restricted Fixed Asset Funds is the result of General Annual Grant money being spent on capital.

During the year to 31 August 2023 a transfer of £30,145 was made from Unrestricted General Funds to Restricted General Funds to cover the deficit on Restricted General Funds.

We will seek confirmation in your letter of representation that you are in agreement with the treatment of the above two fund transfers.

Conclusion

In respect of the performance during the year ended 31 August 2023 total expenditure of £2,212,284 was not covered by the recurrent grant funding from the DfE together with other incoming resources of £2,201,770 (excluding capital grants).

The excess of expenditure over income for the period was £10,514 before actuarial gains and losses. This excess includes depreciation charges, accounting adjustments in relation to tangible fixed assets, of £10,487 and FRS 102 pension cost adjustments, in relation to the LGPS liability of £35,000. If the depreciation charges and FRS 102 pension cost adjustments were added back to the excess figure of £43,357 the Trust made a surplus of £34,973.

We are satisfied that the Trust has used its funds effectively and responsibly.

6. Independence and Ethical Matters

As discussed in the pre-year end meeting and confirmed in our letter. There is a potential ethical issue, i.e. a self-review threat arising from our firm being involved in completing the accounts, and not just the audit.

We will mitigate the self-review threat in relation to the production of the Financial Statements by having another suitably qualified member of staff, not involved in the audit, review the accounts and complete the required accounts production checklist. We must also ensure the Academy Trust has informed management. By informed management, we mean the Trust has individuals and groups within its management that can make decisions and understand the finances of the Trust, including the Financial Statements. This group of people can actively approve any adjustments that we make to the accounts.

We agreed in our pre year-end meeting and the subsequent letter sent to you, prior to the commencement of the audit, that the following individuals were considered to be informed:

- Joe Brian (Chief Executive Officer)
- Rebecca Everitt (Chief Financial Officer)

The Board of Trustees as a whole are also deemed to be informed.

If you do not believe that the above group of people are informed, please inform us immediately as it will potentially mean that we have to ensure further safeguards are put in place before finalising the audit.

7. Formal matters to be reported

In accordance with our normal practice we are writing to draw your attention to various matters which arose during the course of our audit of the academy accounts for the year ended 31st August 2023.

a) **Expected modifications to the auditors' report and regularity report**

There are no expected modifications to the auditors' regularity report.

b) **Unadjusted misstatements**

A schedule is included at section 8 of all the unadjusted misstatements determined during the course of our audit, except for those considered to be clearly trifling. As confirmed in your letter of representation to us, you believe that these adjustments are not material and therefore no amendments to the financial statements are required.

We will seek confirmation in your Letter of Representation that any amounts below £5,000 are trivial and do not need reporting to you. During the year-end audit, we have adjusted for items below this amount as requested to by the finance team.

c) **Material weaknesses in the accounting and internal control systems**

As you are aware from our letter of engagement, our audit procedures were directed towards testing the accounting systems in operation upon which we have based our assessment of the accounts.

Section 6 of this report includes specific audit points and also contains details of actual and potential weaknesses identified during the course of our audit and our recommendations for improvements. It is not meant to be a full and accurate reflection of all weaknesses that may be present in your system.

In making our recommendations, we have considered the size of the Trust and the number of staff you employ. We shall be glad if you will let us know what steps have been taken in connection with the above.

d) **Qualitative aspects of the entity's accounting practices and financial reporting**

We have no comments to make concerning the qualitative aspects of the academy's accounting practices and financial reporting.

e) **Identification of Fraud**

We are pleased to report that our audit has not found any instances of fraud.

f) [Compliance with key laws and regulations](#)

Our audit is required to consider and assess the academy's compliance with central laws and regulations, and consider the existence of breaches that could lead to a fundamental event, such as excessive fines that have a material impact on the financial statements, that threaten the going concern status of the entity, or legislation that could lead to the forced closure of operations.

g) [Compliance with key laws and regulations](#)

Our work has not identified any instances of material breach, and the academy appears to have devoted sufficient resources, experience, skills and training to all key regulatory aspects of its affairs.

We are happy to offer any assistance necessary to ensure that this is the case.

h) [Other information connected with the financial statements](#)

Auditors are required to review any other information issued with audited financial statements, such as an annual review, web site announcement or trustees' report, and determine if such reports are consistent with the financial statements.

You have chosen to make public comment on the financial statements.

We are pleased to report that the trustees' report content is consistent with the financial statements.

i. [Other matters required by Auditing Standards to be communicated](#)

There are no other formal matters to be reported to you and the other details included within the report are above and beyond our requirements to report.

ii. [Other relevant matters relating to the audit](#)

There are no other matters which we wish to draw to your attention.

8. Specific audit and control points

Inherent audit risks for the sector

All Academy Trusts are potentially exposed to the following inherent audit risks:

- those in key positions having the ability to override internal controls and conceal this fact;
- errors remaining undetected as there is no independent scrutiny or checking of their work at the detailed level; and
- in extreme cases, persons acting in collusion to perpetrate fraud or conceal fundamental errors (e.g. collusion with customers over rates or payments).

Common areas in which problems may arise in the sector include:

- Petty cash and charge card transactions are made without correct authorisation giving rise to a greater risk of fraud or inappropriate expenditure.
- Fictitious staff / payments on the payroll.

Specific audit and control points

Following our recent audit work, we have set out below the key observations of a systems and internal control nature that have arisen from the audit work undertaken.

Recent times and, in particular the rise in energy costs and support staff pay increases, have brought their own challenges to the Trust and controls have been adequately modified in order to maintain sufficient segregation of duties and approval processes.

The central team also provide a 'second line of defence' for the Trust. Purchase orders are initially authorised at school level, which should prevent inappropriate expenditure. The school business managers then input the invoices.

Any points are raised to assist the management team in strengthening and formalising the internal control environment, something which is essential and often overlooked.

The recommendations made are not intended as, nor should they be construed as, criticism of management or individual persons. It is intended to be of assistance in establishing an appropriate system of internal control, essential to an Academy Trust.

Our audit focuses only on those aspects of internal control that are material to the production of accurate financial statements and safeguarding assets of the Academy Trust, and therefore is not exhaustive.

We only give consideration to peripheral areas if they directly support other systems of internal control or provide compensating controls to an area with potential weaknesses.

Where matters of efficiency come to our attention, we shall of course report these to you. However, the audit should not be relied upon to identify all matters of duplication or inefficiency in the allocation of responsibilities or the processing of transactions.

We accept that some recommendations made would involve changes or additional resources that the Trust may not consider to be cost effective. However, it is important for senior management to remain alert of the need to maintain an increasingly formal control environment to manage any risk, errors or irregularities in the financial reporting and internal control systems.

Specific audit and control points (continued)

Key



Key concern. Breach of regularity.



Moderate concern. Action believed to be required.



Minor concern. Action believed to be required, but not considered a significant issue.



No concern. Action not required, but any suggested improvement should be considered.

Register of interest forms

	Points noted	Corrections and system improvements	Benefit of control	Action and comments by the academy trust
1	<p>It was noted during the audit testing that on four occasions, the members haven't provided register of interest forms.</p> <p>The latest register of interest forms were not available on the Trust's website.</p> <p>On one occasion, the Trustee didn't disclose a dictatorship listed on Companies' House.</p> <p>This is a breach of two must requirements (point 5.45 and 5.48) in the ESFA's Academy Trust Handbook, and was identified last year by the previous auditors, which is why we have included it as a key concern.</p>	<p>We recommend that Trustees and Members complete register of interest forms on a regular basis and that these are kept up to date.</p> <p>The Trust's website must also include register of interest forms for all Trustees, Members and Accounting Officers.</p>	<p>This ensures that the Trust's register of interest forms are published on the website and kept up to date.</p> <p>Also that the Trust is complying with must requirements in the ESFA's Academy Trust Handbook.</p>	<p>This will be an action picked up by Miss Eleanor Pugh, our new School Business Manager.</p> <p>Chair of Governors will also ensure trustees are advised of their responsibilities in line with the Academy Trust Handbook.</p> <p>Chair of Governors will also work with the school to establish a robust process for ensuring the website, GIAS and Companies House are regularly reviewed and a mechanism for getting this updated is in place.</p>

Management accounts

	Points noted	Corrections and system improvements	Benefit of control	Action and comments by the academy trust
2	<p>It was noted during the audit testing that the November 2022 management accounts did not include a balance sheet.</p> <p>Also the July 2023 management accounts were not completed. Per the CFO and the Chair they were discussed with CFO and the Chair in August 2023 on a Teams call. However, this is no audit trail available for this.</p> <p>This is a breach of two must requirements in the ESFA's Academy Trust Handbook (section 2.19 and 2.21), which is why we have included it as a key concern.</p>	<p>We recommend that the Trust shares management accounts with the Chair on a monthly basis and with other trustees six times a year.</p> <p>The management accounts must include the following as per the ESFA's Academy Trust Handbook (section 2.21); an income and expenditure account, variation to budget report, cash flows and a balance sheet.</p>	<p>This ensures that the Trust is complying with must requirements in the ESFA's Academy Trust Handbook. It also helps to ensure that the Chair and other Trustees have financial oversight of the academy and can identify any financial going concern issues.</p>	<p>The management account referred to in November 2022 were conducted by an employee who is no longer part of the trust. Steps have already been taken to ensure that the new school business manager, Miss Eleanor Pugh understands the importance that the Chair receives management reports on a monthly basis.</p> <p>In regards to the conversation in August 2023, this was done as an interim measure due to resourcing issues and during period awaiting start of new school business manager. This is not a process we expect to need to repeat.</p> <p>Our School Business Manager, Eleanor Pugh will also be in our Finance, Audit and risk committee meetings to ensure trustees are well informed.</p>

Websites

	Points noted	Corrections and system improvements	Benefit of control	Action and comments by the academy trust
3	It was noted during our audit testing that for each Trustee their attendance records over the last academic year were not included on the academy's website. This is a breach of two must requirements in the ESFA's Academy Trust Handbook (section 1.44), which is why we have included it as a key concern.	We recommend that the attendance details for the last academic year for each Trustee are included on the academy's website and are updated regularly.	This helps ensure compliance with the Academy Trust Handbook and that the Trust's website is kept up to date.	Chair has taken on the link role of website compliance and has reported areas that need updated. Recognise that this needs to be strengthened and more robust. Will work with the school to ensure that a process is agreed with documented evidence to show these reviews and subsequent actions taken.
4	It was noted during our audit testing that, on three occasions, a Trustee was not included on the website as a Trustee. On one occasion, the Trustee was not included on Companies House as a Trustee. On one occasion, the Trustee was not included on Companies House until sometime after their appointment. On one occasion, the Trustee was not included on GIAS as a Trustee and a member was not included on GIAS as a member. On one occasion, the Trustee was still included on the website after they had resigned.	It is recommended that Companies House, Get Information about Schools and the Trust's website are all kept up to date for any changes in Directors (Trustees) and members.	This helps ensure that Companies House, Get Information about Schools and the Trust's website include accurate and up to date information and that the Trust is complying with the Academy Trust Handbook.	This has been raised with the school to rectify. With regards to companies house, our office manager has confirmed with the chair that there have been access issues. This is a role that will become part of the school business managers duties and we will establish a process for regular checks and updates.

Risk register

	Points noted	Corrections and system improvements	Benefit of control	Action and comments by the academy trust
5	It was noted during the audit testing that the risk register has no mention of the Notice to Improve included on it. There is also no specific mention of energy price rises and IT cyber-attack /fraud risk included.	The risk register needs to be kept up to date so the Board of Trustees/senior management is aware of what are the risks, the consequences of the risks identified and what controls are needed/already in place to mitigate them.	This helps the Trustee's know what risks needs to be monitored on a continual basis and ensures compliance around the risk register in the ESFA's Academy Trust Handbook.	Nti steps were managed in an action plan, which was regularly shared with governors. Chair will consult minutes as this should have been on the risk register. Chair will pass this on to Andrew Nixon, who chairs the Risk element of the Finance, Audit and Risk committee.

Opening balances

	Points noted	Corrections and system improvements	Benefit of control	Action and comments by the academy trust
6	It was noted during the audit testing that the Balance Sheet opening balances appeared to be posted incorrectly. This has caused us a significant amount of extra work during the accounts preparation. The amounts brought forward per the initial trial balance provided for fixed assets, pension liability and fund balances all had to be adjusted, which was time consuming. It was agreed with the CFO to write off an immaterial difference of £19k to the SOFA, as this amount could not be tied up.	We recommend that the opening balances are posted correctly to the accounts system so that the accounts and audit can be prepared in a timely manner.	This helps to ensure the accounts preparation can be completed efficiently and in a timely manner.	We will ensure that our new School Business Manager is aware of this and ensures that this is correct moving forward.

Wages & Salaries

	Points noted	Corrections and system improvements	Benefit of control	Action and comments by the academy trust
7	<p>It was noted during our audit testing that, on three occasions, the Head has authorised the gross pay reports but has not dated them.</p> <p>Also on one occasion there was no evidence seen of the Head authorising the November 2022 net payment run.</p>	<p>We recommend that the authorised personnel such as the Head signs and dates all monthly payroll reports.</p>	<p>This helps to ensure the Head has oversight of payroll expenditure, which is the main cost for the academy.</p>	<p>Chair will ensure this is discussed in the next Finance, Audit and Risk committee and a robust process is confirmed to ensure this does not reoccur.</p>
8	<p>It was noted during our audit testing that, the new starter and leavers forms tested hadn't been authorised by the Head.</p> <p>The personnel file for the leaver during the year was also not available. It was understood that the leaver took the file with her when she left.</p>	<p>We recommend that the starters and leavers forms are signed by authorised personnel, such as the Head.</p> <p>We also recommend that personnel files are held for all employees.</p>	<p>This helps to ensure segregation of duties around payroll admin, helps to prevent bogus employees being paid and that the starters and leavers are authorised by the appropriate personnel.</p>	<p>This will also be reviewed in the next Finance, Audit and Risk Committee to confirm that this is being actioned.</p>

Purchase Invoices

	Points noted	Corrections and system improvements	Benefit of control	Action and comments by the academy trust
9	It was noted during our audit testing that, on four occasions, the purchase orders were not authorised in line with the delegation limits per the scheme of delegation.	We recommend that all purchase orders are authorised by the appropriate individual, in accordance with the delegation limits included in the Trust's Financial Procedures.	This helps to ensure that the Trust is complying with its Financial Procedures and that all purchases are bona fide and helps to ensure best value for money.	A review of the scheme of delegation will be conducted in our next Finance, Audit and Risk Committee.
10	It was noted during our audit testing, that some orders had been paid as non-orders, so the orders need cancelling/removing from the system.	We recommend that orders have a payment allocated against them, so there aren't any old outstanding orders left on the system.	This helps show a true reflection of what amounts are outstanding and what orders have not been received yet. It also helps show a true reflection of what costs (order amounts) the Trust has committed to.	This will be reviewed with new school business manager to ensure that these are processed consistently.

Banking

	Points noted	Corrections and system improvements	Benefit of control	Action and comments by the academy trust
11	It was noted during our audit testing that, on three occasions, the bank reconciliations were signed by the Head, but they were not dated. It was also noted that month end checklists were not completed.	We recommend that the relevant staff member reviews and authorises the bank reconciliations and dates them to provide an audit trail. We also recommend that some sort of month end checklist is completed and is signed and dated by the person preparing it and reviewing it.	This ensures that the relevant authorised personnel have financial oversight of the academy on a regular basis.	This will be raised in our Finance, Audit and Risk committee and the committee will seek assurance that correct process will be followed.

Aged Creditors

	Points noted	Corrections and system improvements	Benefit of control	Action and comments by the academy trust
12	It was noted during the audit testing that there were a number of historical balances on the aged creditors report.	We recommend that the aged creditors report is reviewed and kept up to date on a regular basis.	This helps to ensure that creditors are accurately stated, so the academy has a clear picture of any outstanding liabilities.	This will be a task carried out by School Business Manager. We will review this at our Finance, Audit and Risk Committee meeting and agree a process to seek assurance that this has been reviewed regularly.

VAT

	Points noted	Corrections and system improvements	Benefit of control	Action and comments by the academy trust
13	It was noted during the audit testing, that VAT was a creditor balance per the trial balance provided, but it in fact should have been a debtor balance per the VAT 126 form.	We recommend that the VAT is reconciled by the academy on a regular basis.	This helps ensure that VAT is shown correctly, and the academy is able to reclaim VAT more easily.	This will be discussed at the next Finance, Audit and Risk committee meeting and will seek assurance from new School business manager that this recommendation has been actioned.

TPS Audit

	Points noted	Corrections and system improvements	Benefit of control	Action and comments by the academy trust
14	It has been noted that the information for the Teachers' Pension Audit still hasn't been provided by the academy. Therefore it is still incomplete, despite the submission deadline for the audited EOYC (end of year certificate) being 30 September 2023.	The information should be provided to us in a timely manner when requested in May 2023, to complete the audit in a reasonable time frame.	Providing the information helps ensure the deadlines are that the Teacher Pensions have set are met in a timely manner.	This will be discussed in the next Finance, Audit and Risk committee meeting and clarification sought regarding the delay. Committee will seek assurance that no such delay will occur in future.

It is pleasing to report that our audit work has not identified any evidence of fraud. However, we consider our recommendations should be given consideration and, where practical or cost effective, implemented.

It is also important to consider the opportunities available to the Multi Academy Trust to increase efficiencies, obtain cost savings and many other synergies through further centralising the systems and procedures.

9. Surplus reconciliation and adjustments made

Please find detailed below the adjustments made during our audit work, which form part of the journals you will approve within your letter of representation to us. If you require any clarification on the below adjustments please do not hesitate to contact us.

Per Client	£
Income	3,311,215
Expenditure	(2,615,930)
Surplus/ (Deficit) per client	695,285
Accruals/deferred income movement	(10,623)
School fund movement	(148,473)
Fixed assets capitalised	31,453
Fixed asset depreciation charge	(10,487)
FRS 102 pension movement in period	258,000
Revaluation gain on land & buildings	2,710,005
Opening bal difference written off to SOFA	18,821
FRS 102 pension journal amounts from last year removed from SOFA	(792,000)
Fixed assets additions expenditure, capitalised last year, removed from SOFA	266,325
Rounding	
Surplus per accounts	<u>3,018,306</u>
Income	2,227,585
Expenses	(2,212,284)
Surplus (deficit) before gains and losses	15,301
Actuarial Gains/losses	293,000
Revaluation gain on land & buildings	<u>2,710,005</u>
Surplus (deficit) including gains and losses and revaluation gain	3,018,306

10. Unadjusted misstatements

Detailed below are the non-trivial misstatements found during the audit.

	Impact on surplus £	Impact on balance sheet £
<hr/> <i>Year ended 31 August 2023 items –</i>		
Payroll reconciliation potential difference		
This amount relates to potential difference found when looking at the total figures per the payroll reports compared to the figures included in the trial balance. We have not investigated this potential difference any further due to it being immaterial.	(7,650)	(7,650)
VAT debtor difference		
This amount relates to differences found when looking at the VAT creditor figure per the trial balance compared to the VAT 126 form. We have not investigated this potential difference any further due to it being immaterial.	18,977	18,977
Total potential audit adjustments for 2023	11,327	11,327

Only trivial errors were discovered during the course of the audit.

You have confirmed in your letter of representation to us that:

- a) £5,000 is deemed to be trivial and any adjustment under this amount does not need to be reported on
- b) The above items do not require adjustment, as they are individually and in total not material.

11. Corporation tax review

On our brief review of income in summary we believe the following items are potentially taxable;

	£
Catering consultancy income	£19,708
Misc income	<u>£351</u>
Total potentially taxable income	£20,139

The total potentially taxable income amount above of £20,139 is below the £80k limit for corporation tax.

We have not carried out an extensive review of potentially taxable income. If you are aware of any other potentially taxable income or would like us to carry out a detailed review as a separate exercise, please let us know.

We note that the potentially taxable income identified above is reasonably close to the limit of £80k. We recommend that the Trust reviews income streams closely in case taxable income exceeds £80k. If the Trust believes that taxable income may exceed this limit, then it is possibly worth considering a trading subsidiary company.

We will ask for confirmation in your letter of representation that:

Total taxable income is below the £80k limit for corporation tax, and therefore no liability is due.

12. Subsequent events

Governors to confirm that all subsequent events up to the date of the report that require adjustment of, or disclosure in, the financial statements have been identified and properly reflected therein, in accordance with ISA+ 560.

13. Summary and conclusion

As referred to earlier we have identified a number of control points, although we have not identified any fundamental weaknesses in accounting and internal control systems nor have we found any evidence of fraud. However, we consider our recommendations should be given consideration and, where practical or cost effective, implemented.

We shall be pleased to discuss or provide advice on any of the above matters as required.

Finally, we would like to take this opportunity of expressing our thanks to your staff for their assistance during the course of our audit.

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