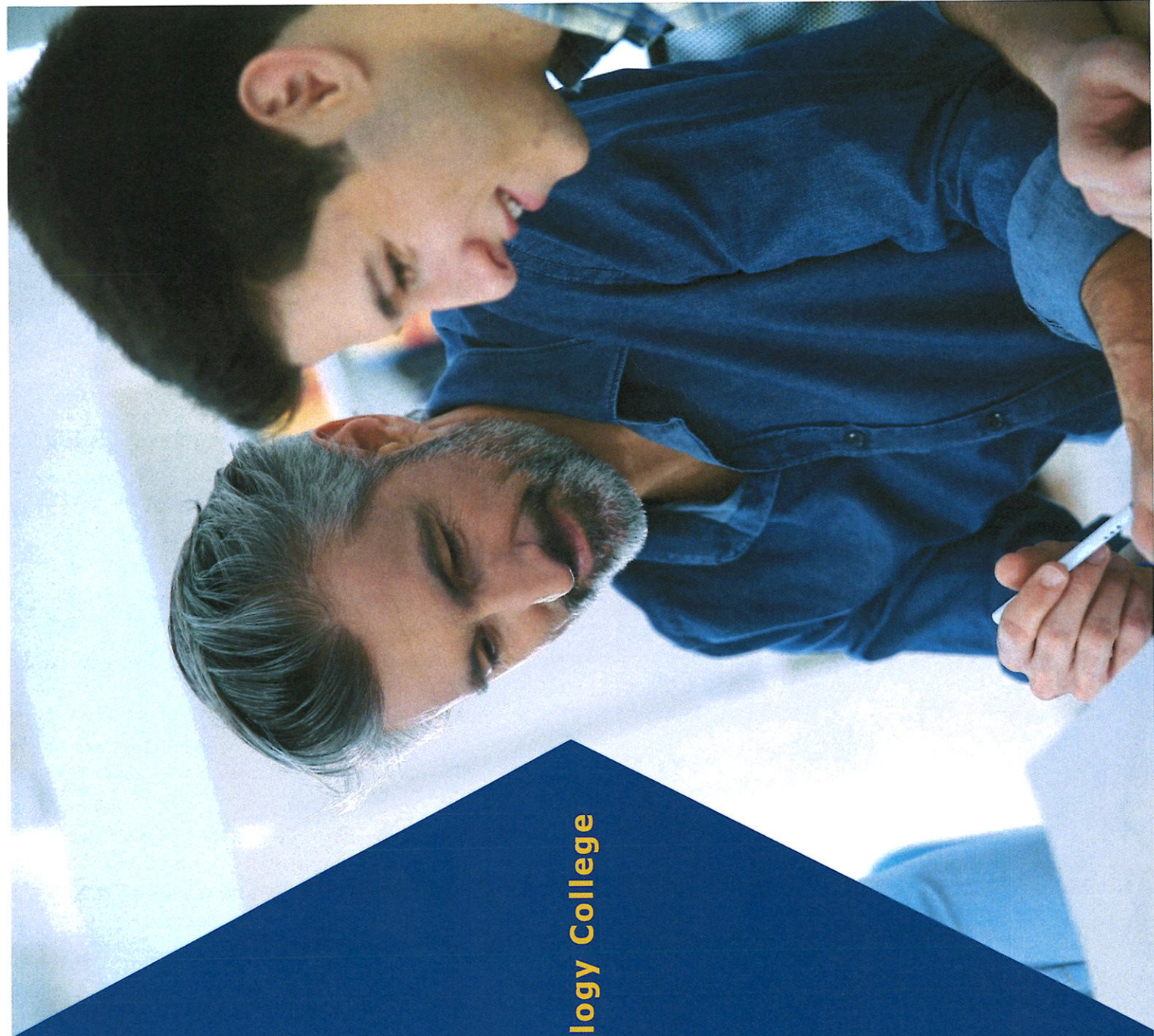
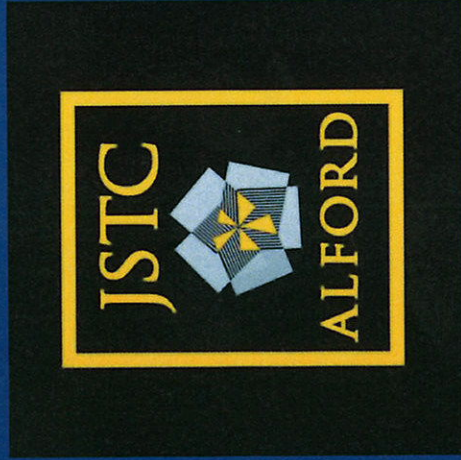




# Audit Report

Encompassing the Management Letter, System Findings and other Audit Matters

**John Spendluffe Technology College**



# Contents

1. Audit introduction and general comments.....	3
2. Key audit areas.....	4
3. Overview of the year .....	5
4. Independence and ethical matters .....	12
5. Formal matters to be reported .....	14
6. Specific audit and control points .....	16
7. Surplus reconciliation and adjustments made.....	19
8. Unadjusted misstatements .....	32

**This document has been prepared for the sole use of John Spendluffe Technology College and must not be disclosed to any third party, or quoted or referred to, without our written consent. No responsibility is assumed to any other person in respect of this report and any persons reading it should make their own judgements and investigations.**



## 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. We were presented with a detailed online audit file as requested which enclosed copies of all the necessary information required to carry out the audit.

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 19th January 2023.



## 2. Key Audit Areas

### Our Approach

#### Key Audit Areas

<p><i>Income recognition</i></p>	<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>
<p><i>Completeness and accuracy of payroll</i></p>	<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>
<p><i>Compliance with the ESFA requirements to ensure there are no regularity issues.</i></p>	<p>We will ensure the Trust is complying with the 'musts' in the Academies Trust Handbook and that purchases made are deemed to be appropriate academic expenditure.</p>
<p><i>Statement of Financial Activities and fund allocations</i></p>	<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>



### 3. Overview of the year

#### Income

The income is made up of the following:

	2022 £	% of income	2021 £	% of income
<i>Donations and capital grants (Note 2)</i>	47,613	0.90%	142,839	2.85%
<i>Funding for the Academy's educational operations (Note 3)</i>	4,943,148	93.28%	4,745,358	94.82%
<i>Other trading activities (Note 4)</i>	308,754	5.83%	116,568	2.33%
<b>Total</b>	<b>5,299,515</b>		<b>5,004,765</b>	

93.28% (2021: 94.82%) of the total income is made up of grants and other income for the Academy Trust's educational operations. This percentage can vary dependent on the types of income and grants received by an Academy during the year.

The funding for the Academy's educational operations has increased by £197,790 to £4,943,148 in 2022. The General Annual Grant (GAG) income has increased to £3,999,148 from £3,659,433. This reflects an increase in funding per pupil as pupil numbers actually decreased by 5.

The Government funding income streams have been proved in total, by reviewing agreements from funding providers.



Income can be detailed as follows:

	2022 £	2021 £
<b>Donations and capital grants (Note 2)</b>		
Educational trips and visits	33,091	-
Capital grants	14,522	76,215
Other donations	-	66,624
	<b>47,613</b>	<b>41,628</b>
<b>Funding for the educational operations (Note 3)</b>		
General annual grant (GAG)	3,999,148	3,659,433
Pupil premium	299,548	276,769
Other DfE/ESFA revenue grants	133,290	198,811
Universal infant free school meals (UIFSM)	53,401	40,510
SEN 1-1 funding	235,621	311,095
Other local authority revenue grants	141,294	29,307
Coronavirus catch-up premium	79,281	49,760
Coronavirus mass testing income	-	74,270
Coronavirus exceptional support	1,565	38,890
	<b>4,943,148</b>	<b>4,745,358</b>



<b>Other trading activities (Note 4)</b>	<b>2022 £</b>	<b>2021 £</b>
<i>School shop sales</i>	18,990	6,966
<i>Catering income</i>	272,846	104,126
<i>Other sales</i>	16,918	5,476
	<b>308,754</b>	<b>116,568</b>

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 £4,290,533 (2021: £4,244,494) which is 76.85% (2021: 86.12%) of your total costs and 80.96% (2021: 80.73%) of income.

Salaries as a percentage of the total costs are below the maximum guidance from ESFA of 80%, however they are above as a percentage of your total income. Staffing costs over 80% of total your total costs and income would be considered high by the ESFA.



The total staff costs can be broken down as follows:

	2022 £	2021 £
<i>Wages &amp; salaries</i>	3,077,208	3,081,279
<i>Employers National Insurance</i>	283,570	278,162
<i>Employer pension costs</i>	616,159	627,649
<i>LGPS FRS102 adjustments</i>	283,000	204,000
<i>Agency staff costs</i>	30,416	53,404
	<b>4,290,563</b>	<b>4,244,494</b>

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

The average wage per full time equivalent (FTE) employee in the trust is £34,771 compared to £34,817 in 2021. The average wage per FTE teacher in the trust is £42,729 compared to £42,513. The average salary per teacher and other employees are in line with similar academy trusts we act for.





**Other sizeable costs relating to the**

**2022**                      **2021**                      **% of**

**2021**                      **% of**

<i>educational operations are as follows:</i>	<b>£</b>	<b>income</b>	<b>£</b>	<b>income</b>
<i>Depreciation</i>	238,891	4.51%	256,576	4.84%
<i>Other direct costs</i>	12,608	0.24%	14,166	0.27%
<i>Technology costs</i>	64,444	1.22%	62,213	1.17%
<i>Maintenance of premises and equipment</i>	149,210	2.82%	77,324	1.46%
<i>Maintenance of premises and equipment includes general building costs of £61,418.</i>				
<i>Rent, rates &amp; utilities</i>	117,459	2.22%	102,877	1.94%
<i>Insurance</i>	11,818	0.22%	11,286	0.21%
<i>Professional fees</i>	33,480	0.63%	26,010	0.49%
<i>Professional fees include £2,492 legal costs to ELDC.</i>				
<i>LGPS Service cost adjustment</i>	283,000	5.34%	204,000	3.85%
<i>LGPS admin cost</i>	3,000	0.06%	2,000	0.04%
<i>Interest on defined benefit pension scheme</i>	45,000	0.85%	92,000	1.745

**The figures for the above two items are provided by the Academy's actuary, Barnett Waddingham**

The remaining expenditure relates to the general running of the school and does appear reasonable. Our audit work has not found any material errors or cut off issues. If you feel that any of these costs could be reduced, please do not hesitate to contact us as we may be able to help with alternative suppliers.



## Balance sheet

The net balance sheet position including the pension scheme liability is £8,085,210 (2021: £5,137,891) however when the pension asset is removed the net assets total £8,042,210 compared to £7,994,891 in 2021.

The balance sheet is broken down as follows:

	2022 £	2021 £
<b><i>Tangible Fixed Assets - £7,433,028 (2021 - £7,649,164)</i></b>		
Freehold land and buildings	7,268,528	7,433,338
Motor vehicles	1,468	1,958
Furniture and equipment	54,531	92,890
IT equipment	108,501	120,978

Tangible fixed asset additions in the year amounted to £22,751 (2021: £104,181). The depreciation charge for the year is £238,887 (2021: £256,576)

### ***Debtors - £63,117 (2021 - £26,360)***

Trade debtors	1,997	8,313
VAT recoverable	43,455	27,480
Prepayments	92,095	15,017
Accrued income	52,508	68,544

Accrued income in 2022 is made up of pupil premium of £52,508 (2021: £48,000). In 2021 there was £19,700 accrued for summer school and £844 that related to summer 2021.



2022 £

2021 £

**Cash at bank and in hand - £799,926 (2021 - £488,843)**

Current account	799,564	487,858
Petty cash	361	985

**Creditors due under 1 year - £328,291 (2021 - £262,470)**

Trade creditors	118,799	107,315
Taxation and social security	68,030	67,893
Other creditors	68,096	70,725
Accruals	73,366	16,537

Included within accruals is a provision for the support staff pay award accrual amounting to £51,779 in 2022.

**Pension Scheme Asset/(Liability) - £43,000 (2021 - (£2,857,000))**

Please note that the movement in the deficit is as calculated by Barnett Waddingham, the academy's actuary, and depends on a number of actuarial assumptions. Please also note that, as stated in the pensions note in the accounts, Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy closure, outstanding LGPS liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013. However, it is possible that your annual contribution could increase.



## Overall

We consider that the funds of the academy have been used appropriately and for the benefit of the school's pupils. The total amount of free reserves available for the Trust as at 31<sup>st</sup> August 2022 are £609,182 compared to £332,227 in the previous year. The total restricted and unrestricted funds can be broken down as follows:

	2022	2021
	£	£
<i>Restricted general funds</i>	462,102	201,259
<i>Restricted fixed asset funds</i>	7,433,028	7,662,664
<i>Restricted pension fund</i>	43,000	(2,857,000)
<i>Unrestricted funds</i>	147,080	130,968
<b>Total</b>	<b>8,085,210</b>	<b>5,137,891</b>

This level of free reserves represents approximately 6 weeks running costs. The Trustees have determined that the appropriate level of free reserves should be equivalent to 2 month's expenditure of the payroll, which is approximately £500,000.



## 4. 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:

- Jon Treasure
- Simon Curtis

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



## 5. 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 31<sup>st</sup> August 2022.

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

There are no expected modifications to the auditors' report and 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 trivial. 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.

You have confirmed in the Letter of Representation that any amounts below £3,500 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.



## 6. 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.

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 recommendation made is 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.





We have also reviewed the recommendations brought forward from 1st September 2021 and assessed whether any control changes have been made by management.

### **Accounting and internal control environment**

In primary schools, the accounting controls are operated by a small number of individuals, and this leaves the organisation exposed to risks associated with an environment in which a small number of people have control over many aspects of the control environment.

Such an environment is common in small organisations, and we must stress there are no indications of irregularity.

However, it is normal for us to caution that in this situation the academy is potentially exposed to:

- 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 include:

- the purchase ledger (persons with sole control over the ledger have the power to create false suppliers, invoices and payments, or act in collusion with suppliers).
- Petty cash and card payments are made without correct authorisation giving rise to a greater risk of fraud or inappropriate expenditure.
- Fictitious staff on the payroll (ghost employees)

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 Academy 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.



**Recommendations for the year ended 31<sup>st</sup> August 2022:**

	<b>Points Noted</b>	<b>Corrections and system improvements</b>	<b>Benefit of Control</b>	<b>Action and comments by the Academy (including timescale for change)</b>
1	<p>Monthly management accounts were completed for all of the months tested but did not include all of the required reports listed in the Academies Trust Handbook 2021. In addition, the Trust do not have a system in place to ensure that the monthly management accounts have been reviewed and approved by the Chair.</p> <p>From September 2022, the Academy Trust have ensured the appropriate documents listed in the Academy Trust Handbook are prepared as part of the monthly management accounts.</p>	<p>In the Academies Trust Handbook, the ESFA confirmed that monthly management accounts <b>must</b> be shared with the Chair each month and the other Trustees at least six times per year.</p> <p>The monthly management accounts <b>must</b> include the following reports:</p> <ul style="list-style-type: none"> <li>- Income and expenditure</li> <li>- Variation to budget</li> <li>- Balance sheet</li> <li>- Cash flow forecast</li> </ul> <p>The reports should be reviewed at the Full Trustee Meetings. If the Academy does not hold six Full Trustee Meetings in the year, then we recommend that the monthly management accounts are emailed to the other Trustees at least six times in the year.</p> <p>Where Trustees are unable to attend the meetings, the monthly management accounts should be emailed to those not in attendance.</p>	<p>It is important that the Academy is compliant with the Academies Trust Handbook.</p>	<p>JSTC takes the matter of compliance with the Academies Financial Handbook very seriously and has been working over the last 18 months to find a format and level which fulfils all of the aspects outlined within the recommendation.</p> <p>Whilst this may not be in a perfect format, since September 2022 the financial information has been shared with the Headteacher and Chair of Governors each month and with the Trustees in October with the next update due in December 2022.</p> <p>All financial documents will be uploaded to a shared Teams drive once produced so all governors can review the documents as often as they choose. This drive plus access rights are being devised at time of writing following the feedback of both Forrester Boyd and LCC Audit teams.</p>



2	<p>Cash catering income is received by the catering team on a daily basis. The team prepare a cash banking spreadsheet from the till receipts and from the sample selected, there were a number of discrepancies &lt;£50 from the till sheet to the cash banked.</p> <p>The Finance team are responsible for banking the cash income. The Academy are looking to engage with a cashless catering system for the future.</p>	<p>Cash is an inherently risky area in an audit as it is more susceptible to fraud and theft. Where possible, we recommend that the Academy implement a cashless catering system as soon as possible and reduce the levels of cash income received in school.</p> <p>Although there is evidence of segregation of duties involved with the collecting and banking of cash income, there is still an increased risk of fraud due to the volumes of cash income at the Academy.</p>	<p>Cashless systems will reduce the risk of fraud and theft in relation to cash income. There will not be any discrepancies on a weekly basis when transferring the money to the Academy's current account.</p> <p>The school anticipates that following the capture of biometric information from students that the cashless system should be up and running by January 2023.</p>	<p>JSTC has committed to the installation of a Cashless Catering System through CRB Cunningshams and hardware has already been delivered to site.</p>
3	<p>The Academy Trust uses the current account debit card to make online payments. A purchase order form for debit card purchases is produced by the admin team and signed as authorised by the Department Budget Holder and School Business Manager.</p>	<p>The Academy should consider using a charge card instead of the debit card for online purchases.</p>	<p>This will add an extra layer of security for the Academy, as debit card purchases are made instantly.</p> <p>Any purchases that are made on a charge card can be reviewed at the order stage, and again at the payment stage.</p>	<p>It is the Academy's view that Charge Cards are an out of date way of processing payments in the modern era.</p> <p>It was the recommendation of the previous audit firm that we open the secondary bank account and limit the sum of money available in there to reduce the potential for fraud risk and also allows a clearer 'up to date' picture of the bank account rather than waiting for the charge card to clear at the end of each month.</p> <p>This will not be a suggestion we adopt.</p>



4	<p>The current salary of two employees could not be reconciled back to information held on their personnel file or to information held by the School Business Manager. The employees received an increment during the year but no formal documentation could be seen agreeing this.</p>	<p>We recommend that the Academy Trust issues annual salary statements for all employees' confirming their level of pay and agreed hours worked. This letter should then be held within the employees' personnel file.</p> <p>Where any employee is due to receive an increment, a change in salary form should also be documented on the personnel file.</p>	<p>If an employee ever queried their level of pay, the Academy Trust will have written documentation of the agreed pay grade.</p>	<p>Salary Statements had been a regular annual occurrence for Teaching staff in the past and will be reintroduced once the Sept 2022 pay award and salary sums has been approved at local government level.</p> <p>For support staff members, they will also get a salary statement but this will be issued once the April 2022 pay award has been decided upon at union level and disseminated to schools.</p>
5	<p>The School Business Manager prepares the payroll information each month and sends this to the payroll provider. A review of the information is then completed by the School Business Manager online and he signs the reports to authorise them for processing. No other individual is involved with the payroll approval process.</p>	<p>We recommend that another individual becomes involved with the payroll processing or approval process.</p> <p>The School Business Manager could delegate the payroll processing of information to another staff member, and retain involvement with the approval of the reports.</p> <p>Or, the School Business Manager could continue to process the payroll information, and the Accounting Officer (Head) should authorise the payroll for processing each month.</p>	<p>By introducing another individual to the payroll approval process, the Academy will be reducing the risk of inappropriate payments and employees to "fictitious" or "ghost" employees.</p>	<p>Understand the issue that is being raised here and process amended to include Sharon Collingwood, Finance Assistant more heavily in the payroll process.</p> <p>Sharon already entered pay claims and will now be involved in the reviewing process before interim reports are sent back and locked in for final reports.</p> <p>Headteacher Simon Curtis will countersign the approval of BACS payments along with Jon Treasure to provide a further level of input and vetting.</p>



**Recommendations followed up from the year ended 31<sup>st</sup> August 2021:**

*We have assessed the issues and recommendations we made for the year ended 31<sup>st</sup> August 2021 and have reviewed whether or not action has been taken on our recommendations. A record of our findings can be found below.*

Total number of recommendations brought forward from 1st September 2021	Number of recommendations implemented	Number of recommendations carried forward from the previous year
22	17	5

	Points Brought Forward – including recommendation made	Actions in 2021/22	Issue and recommendation carried forward to the year ended 31 <sup>st</sup> August 2022?	Resolved?
1	<p>The Trust has not delivered an internal scrutiny programme for the 2020/21 financial year.</p> <p>Section 3.1 of the Academies Financial Handbook 2020 states that all Trusts must have a programme of internal scrutiny to Provide independent assurance to the board that its financial and nonfinancial controls and risk management procedures are operating effectively.</p>	<p>The Trust have now engaged with a new internal reviewer for the year ended 31<sup>st</sup> August 2022. An internal scrutiny program has been put in place by the Trustees and a review of some key financial areas has been performed.</p>	No	✓
2	<p>Minutes of governing body have not been provided for one out of the six meetings that were held in the 2020/21 financial year and those provided only appear to be in draft format. We have also not had access to minutes for any of the subcommittee meetings held in the 2020/21 financial year. Inadequate record of meetings can be considered a breach of various regulations, including company law and the Trust's funding agreement. It was recommended that minutes are completed after every committee meeting and signed to state they have been approved. These should be done in a timely manner after every meeting.</p>	<p>All minutes for the governing body meetings have been provided for the year ended 31<sup>st</sup> August 2022.</p>	No	✓



	<b>Points Brought Forward – including recommendation made</b>	<b>Actions in 2021/22</b>	<b>Issue and recommendation carried forward to the year ended 31<sup>st</sup> August 2022?</b>	<b>Resolved?</b>
3	<p>Given the issues that have previously occurred and a number of high importance issues remaining on the Audit Findings Report it is evidence that the Governors do not appear to have effective oversight over the Trust's activities.</p> <p>It was recommended that Governors review the requirements of the Academies Financial Handbook and undertake appropriate training to understand their roles and responsibilities as Governors of the Trust.</p>	<p>Some monthly management reports are now reported to the Board of Trustees.</p> <p>Regular meetings of the Finance Committee and Full Board of Trustees is now in place.</p>	No	✓
4	<p>We have obtained copies of the information distributed at the latest Governors meeting, and it is limited in terms of the financial information presented. There are no details provided of budget vs actual spend/income received; no comparisons to prior year information; and no variance calculations performed with explanations provided therein. Furthermore, it was noted that there are currently no long term (3 to 5 years) budget in place.</p> <p>Section 2.18 of the Academies Financial Handbook 2020 states that the Trust must prepare management accounts every month setting its financial performance and position Section 2.21 states these management accounts must comprising of income and expenditure accounts, variation to budget report, cash flows and balance sheet. It is also considered best practice that a long-term budget is prepared as this will enable the Academy to identify any financial issues which may arise.</p>	<p>See point 1 for recommendations for 2022. Some action has been taken to produce some monthly management reports, however they are not shared with the Chair of Trustees on a monthly basis and do not include all of the required reports in the Academy Trust Handbook 2021.</p>	Yes – although improved see Note 1	✗
5	<p>We have noted that although the Academy now has a cash flow forecast for 2021/22 financial year, no cash flow forecasts were prepared during the 2020/21 financial year.</p> <p>It was recommended to ensure compliance with Section 2.21 of the Academies Financial Handbook, monthly cash flow forecasts must be produced and maintained to support cash monitoring and projection.</p>	<p>Some cash flow forecasts have been prepared for the 2021/22 financial year.</p> <p>The Academy Trust has since improved its management reports from September 2022.</p>	Yes – although improved see Note 1	✗



6	<p>As monthly management accounts are not being produced, the Academy has not met the Academies Financial Handbook requirement of sharing these with the Chair of Trustees monthly and the rest of the Trustees six times a year.</p> <p>Section 2.19 states that these must be shared with the Chair of Trustees every month and the other Trustees six times a year.</p>	<p>See point 1 for recommendations for 2022. Some action has been taken to produce some monthly management reports, however they are not shared with the Chair of Trustees on a monthly basis and the other Trustees at least six times per year.</p>	Yes – although improved see Note 1	x
7	<p>From our review of declarations of interests we noted that there were eight declaration of interest that related to the 2020/21 financial year that has not been disclosed as required. We also noted that there were two directorships per Companies House that were not disclosed on the declarations of interests.</p> <p>It was recommended that all declarations of interests are disclosed on the Trust's website for all Trustees and Members that have served in the last 12 months, as specified by Section 2.50 of the Academies Financial Handbook 2020. Trustees are reminded that all directors and other interests must be disclosed to ensure a full record is maintained.</p>	<p>All declarations of interests can now be seen as uploaded to the Academy's website for 2021-22.</p>	No	✓
8	<p>From our review of the Trust's website, we note that the attendance records disclosed are not up-to-date.</p> <p>It was recommended that attendance records for the last academic year are disclosed on the Trust's website to ensure compliance with Section 2.50 of the Academies Financial Handbook 2020.</p>	<p>Meeting attendances are now up to date on the Academy's website.</p>	No	✓





9	<p>We have noted an instance of a trustee not being listed on the Get Information About Schools website as having resigned within the last 12 months. We have also noted four instances where trustees have not been listed on the school website as having resigned within the last 12 months. A trustee appointed on 4 October 2021 is not included on GIAS.</p> <p>It was recommended that Get Information About Schools and Trust website are updated with 14 days of any changes as required by section 2.53 of the Academies Financial Handbook.</p>	<p>S Curtis is not listed as a trustee on GIAS.</p> <p>A E Appleyard is not listed as a trustee on the Academy's website.</p> <p>Five Trustees are not showing as resigned on the Academy's website.</p> <p>See point 6 on pints for 31<sup>st</sup> August 2022.</p>	No	✓
10	<p>From review of the petty cash we identified several instances where the threshold was exceeded and authorised inappropriately.</p> <p>It was recommended that petty cash claims should only be authorised when they are within the petty cash threshold that is set within the Academy's Finance Policy.</p>	<p>All petty cash samples tested were appropriately authorised in line with the Academy's Finance Policy.</p>	No	✓



11	<p>We note that a fixed asset register is held by the Academy, however, there is no procedure to regularly maintain it, the controls over monitoring the existence and completeness of assets, together with impairment and residual value considerations, are not deemed to be sufficient.</p> <p>It was recommended that the fixed asset register is maintained on a monthly basis. The fixed asset register should be reconciled as part of the month end procedures, agreeing it to the trial balance every month. We also recommend the fixed asset register is reviewed on a timely basis for the existence and completeness of assets included therein. Furthermore, any new asset additions should have residual values taken into consideration, as well as there being an annual assessment of impairment.</p>	A fixed asset register is now maintained by the Academy Trust.	No	✓
12	<p>From a sample of 40 purchases tested in the year, we identified 15 instances of retrospective purchase orders being generated.</p> <p>All purchase orders should be raised prior to orders being placed with the relevant suppliers.</p>	All purchase orders tested were raised prior to the goods being ordered.	No	✓



13	<p>We noted that although there was documentation on file for the initial pay rise of the Head Teacher in the prior financial year, there was no documentation in relation to the additional pay rise given in December 2020.</p> <p>Section 2.30 of the Academies Financial Handbook 2020 states that the board of trustees must ensure its decisions about levels of executive pay (including salary and any other benefits) follow a robust evidence based process and are a reasonable and defensible reflection of the individual's role and responsibilities.</p>	<p>There was a new Headship in September 2021, and the Head's most recent pay could be reconciled back to a signed letter of pay by the Chair of Trustees.</p>	No	✓
14	<p>It has been noted that when purchasing the new servers for the school, the tender process was not followed for a purchase between £10,000 - £50,000, three quotes were not obtained and the finance committee did not approve the purchase. From discussions with the SBM, it was established that this was due to a practical point of view as the existing servers were with the same supplier.</p> <p>That the finance policy should be followed at all times to ensure best value for the school. In this instance it would have been more appropriate to obtain quotes as a way of benchmarking to demonstrate value for money, even if the cheapest quote was not chosen.</p>	<p>All purchase orders sampled followed the Academy's tendering policy listen within the Finance Policy to ensure the best value for money has been obtained.</p>	No	✓



15	<p>There are no formal procedures for new starters and leavers IT access rights. These are currently communicated to the IT team via email or telephone.</p> <p>We recommend a formal process is undertaken when an employee starts or leaves the Academy. A new starter form that provides details of the level of access rights that should be given the new staff member, and a leaver form that is signed to confirm access rights have been removed.</p>	<p>Starter and leaver forms are now produced by the Admin team and School Business Manager before being sent to the payroll team.</p>	No	✓
16	<p>We note there are a number of brought forward auditor recommendations that have not been resolved in 2020/21.</p> <p>Section 4.16 of the Academies Financial Handbook 2020 states the Trust "must ensure there is an appropriate, reasonable and timely response by the trust's management team to findings by auditors".</p>	<p>There are still a number of brought forward auditor recommendations outstanding.</p>	Yes	✗
17	<p>On review of the bank statements, we noted that they have not been appropriately signed each month.</p> <p>Bank statements should be reviewed on a monthly basis by an appropriate individual and signed to confirm this review has been undertaken.</p>	<p>Bank reconciliations and statements are prepared by the Finance Officer and reviewed by the Head each month for reasonableness.</p>	No	✓



18	<p>As per Section 1.5 of the Academies Financial Handbook, the Department's view is that there should be a significant degree of separation between the individuals who are members and trustees. Given that two of the three members of the Academy are also Trustees, there is not significant separation in place.</p> <p>In order to comply with Section 1.5 of the Academies Financial Handbook, there should be a significant degree of separation between the individuals who are members and trustees. Furthermore, Section 1.3 of the Academies Financial Handbook states the Department's strong preference is that trusts should have at least five members. We would recommend that the majority of members of the Academy Trust are independent and not also acting as a Trustee.</p>	<p>The Academy Trust now has five Members and only 20% of the Members are also Trustees.</p> <p>They are now compliant with the Academies Trust Handbook.</p>	No	✓
19	<p>Whilst we note that the Trust uses the RPA scheme for premises insurance cover, the motor vehicle insurance policy taken out with Zurich did not appear to go through a best value exercise.</p> <p>A best value exercise should be undertaken for all insurance premiums taken out by the Trust.</p>	<p>An email trail has been seen to evidence that the School Business Manager has enquired with other insurance providers for vehicle policy renewal quotes.</p>	No	✓
20	<p>We have noted that regular meetings have taken place within 2021/22 for income and expenditure reviews however, during 2020/21 there is no regular KPI monitoring of performance.</p> <p>To ensure compliance with Section 2.22 of the Academies Financial Handbook 2020, were commend that KPIs are selected to measure performance on a regular basis.</p>	<p>KPI reporting is now part of monthly management account reporting by the School Business Manager to the Board of Trustees.</p>	No	✓



21	<p>Whilst the values involved are considered trivial, on review of the payroll for one of the employees, it was noted that the treatment of the Cycle to Work Scheme vouchers are incorrect in that deductions should include output VAT for both VAT and PAYE purposes.</p> <p>The treatment of the Cycle to Work Scheme is reviewed with the assistance of the payroll provider to ensure compliance with the relevant legislation.</p>	No further employees have taken advantage of the Cycle to Work scheme.	No	✓
22	<p>We have noted that the prior Head Teacher received a gift with a value of £100 from the Academy. Whilst this was not found to be excessive, we noted that there is no gift policy in place within the Finance Policy to demonstrate reasonableness was considered.</p> <p>Per section 5.31 of the Academies Financial Handbook 2020, the Academy should have a policy and register in place when the Academy is in receipt of a gift, hospitality, awards, prizes or other benefits that might compromise judgement. When making gifts, the trust must ensure the value is reasonable, is within its scheme of delegation, the decision is documented, and achieves propriety and regularity in the use of public funds.</p>	There is no gift policy evident in the Finance Policy or listen on the Academy's website.	Yes	✗



## 7. Surplus reconciliation and adjustments made –

Please find detailed below the adjustments made during our audit work, which form part of the journals you approve within your letter of representation to us.

£	
<b><i>Surplus per internal records</i></b>	289,128
<b>Adjustments</b>	
<i>Correction to opening balances</i>	33,734
<i>Clients trial balance difference</i>	66
<i>Pupil premium accrued income movement</i>	4,207
<i>Additional accruals identified</i>	(11,897)
<i>Additions reposted to the balance sheet</i>	22,751
<i>Fixed asset depreciation charges for the year</i>	(238,891)
<i>Support staff pay award accrual</i>	(51,779)
<i>Movement in LGPS deficit</i>	2,900,000
<b><i>Surplus per Statement of Financial Activities for the year ended 31st August 2022</i></b>	<b>2,947,319</b>

If you require any clarification on the above adjustments please do not hesitate to contact us.



## 8. Unadjusted misstatements

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

Impact on surplus £	Impact on balance sheet £

There are no unadjusted misstatements above the trivial amount to report on.

During the year the Trust were donated CO2 monitors from the ESFA. The valuation of these donated goods was difficult to measure however the Trustees believe the value would not be material to the financial statements. The individual value of each device would be below the capitalisation limit for the Trust therefore there would be no effect on the surplus or balance sheet by adjusted for the donated goods.

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

- £3,500 is deemed to be trivial and any adjustment under this amount does not need to be reported on





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Prepared by:   
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Forrester Boyd Chartered Accountants

Date: 12<sup>th</sup> December, 2022

