

Frassati Catholic Academy Trust

# Audit Findings Management Letter

For the year ended 31 August 2020

**Presented to the Trustees on 07/12/2020**

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# 1 Introduction

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MHA MacIntyre Hudson present our audit report and management letter solely for the attention of Frassati Catholic Academy Trust following our audit of the financial statements for the year ended 31 August 2020. This report summarises key issues in connection with the audit of the financial statements and with the regularity assurance engagement, which we consider should be drawn to the attention of the Trustees.

We note that the Academy is required to provide a copy of this report to the Education and Skills Funding Agency (ESFA) by 31 January 2021 together with the Academy financial statements. The usual deadline of 31 December has been extended for this year only due to COVID.

The report has been prepared solely for the purpose of recording the audit scope, approach and risk areas and for communicating audit issues raised with those charged with governance.

We would be grateful if you will in due course advise us what action you propose to take on the recommendations in the report and also if you would like our further assistance on these or any other matters.

The report has been prepared in compliance with the ESFA's requirement for reporting to both the Trustees and the ESFA through a management letter. No reports may be provided to third parties, with the exception of the ESFA, without our prior consent. Consent will only be granted on the basis that such reports are not prepared with the interests of anyone other than the Academy in mind and we accept no duty of care or responsibility to any other party. The report may not be relied upon for any other purpose. No responsibilities are accepted by MHA MacIntyre Hudson towards any party acting or refraining from action as a result of this report.

Finally, we would like to express our thanks to all the Academy's staff that assisted us in carrying out our work.

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# The audit process

and areas covered by the audit assignment

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#### 2.1 Audit approach and scope

The objective of the audit of the financial statements is to enable us to provide an audit opinion on whether the financial statements of the Academy show a true and fair view of the state of the Academy Trust's affairs at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and whether the information in the Trustees' Report is consistent with the financial statements.

We also consider whether the financial statements comply with United Kingdom Generally Accepted Accounting Practice, the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency and the Statement of Recommended Practice for Charities.

Our audit work is designed to provide the required assurance that the financial statements are free from material error, and to enable us to have a reasonable expectation of detecting material misstatements in the financial statements that result from irregularities or fraud. However, our audit of the financial statements is not a comprehensive report covering all of the systems and controls.

Our general audit approach was determined by our assessment of the audit risk, both in terms of the potential misstatement in the financial statements and of the control environment in which the Academy operates. We tested controls, carried out analytical review tests and completed substantive testing, verifying specific transactions or balances. At the planning stage, we designed audit tests to provide us with sufficient audit evidence to support an opinion as to whether the financial statements show a true and fair view.

To summarise our approach, we:

- updated our understanding of the organisation and its environment;
- reviewed the design and implementation of key internal financial control systems; and

- planned and performed an audit with professional scepticism recognising that circumstances may exist that cause the financial statements to be materially misstated.

Significant risks are those which are derived from business risks that may result in a material misstatement, relate to unusual transactions that occur infrequently, or judgmental matters where measurement is uncertain. In areas where we identified the potential for significant risk, we extended our audit testing to include more detailed substantive work. Our work in other areas was proportionately less detailed.

#### 2.2 Areas covered by the audit

During the course of our audit work and regularity engagement we reviewed the accounting systems and procedures operated by the Academy. Our work included:

- reviewing the existence and completeness of General Annual Grant (GAG) and other income;
- review of bank reconciliations;
- checking the authorisation of expenditure;
- review of payroll control, calculation and authorisation;
- review of authorisation and validity of journals;
- checking the validity of balance sheet items;
- checking that income and expenditure relating to the GAG has been reflected accurately in the accounts;
- reviewing the register of interests and minutes to ensure that all related parties have been disclosed adequately;
- reviewing the related party transactions in respect of at cost issues;
- checking that all capital expenditure has been correctly identified in the accounts; and
- checking restricted income and expenditure allocation.

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We have agreed the following audit timetable and deadlines:

	Audit Area and key risks	Considerations on approach
1	<b>Financial reporting</b>  There is a risk that the respective Trustees' Report and financial statements are not fully compliant with the revised Charities SORP FRS102 and the Academies Accounts Direction 2019/20, or are materially misstated through errors in their compilation.	We reviewed the Trustees' Report for consistency with the financial statements and to ensure it complies with applicable regulatory (Academies Accounts Direction 2019/20), including the supplementary bulletin published by the ESFA.
2	<b>Misstatement of income - Grant Funding and other income</b>  There is significant grant funding received by the Academy Trust in addition to GAG funding. Other income should be recognised as restricted income where appropriate, and in accordance with Charities SORP FRS 102 and the funding agreement.	We tested the allocation of income received to ensure it is restricted; the expenses met by the GAG reserves, and reviewed supporting records to ensure that GAG expenditure is correctly allocated. We tested the records to ensure that the expenses are appropriately accounted for in the GAG restricted funds.  The Academy's accounting policies in respect of restricted income and unrestricted income was reviewed. We ensured that the accounting policy correctly reflected the requirements of the Academies Accounts Direction and Charities SORP FRS102 in respect of the entitlement, probability and measurement of the income.  We also reviewed the allocation of income to restricted and unrestricted funds.
3	<b>Future plans and Going Concern</b>  The Trustees will need to consider whether the Academy Trust will be a "going concern", giving consideration to at least 12 months from the approval of the accounts (i.e. to 31 December 2021), and including impacts of Covid-19.	We reviewed the cash flow forecasts and budget forecasts of the Academy and consider the assumptions made in relation to going concern to ensure these remain appropriate, ensuring that the Academy is operating within its financial limits and it has sufficient resources to continue for at least 12 months following the date of approval of the financial statements.  We reviewed the specific disclosures required in the Trustees' Report in respect of Covid-19.



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4	<b>Expenditure – Existence and Allocation</b> The Trustees are responsible for ensuring that expenditure from restricted funds is correctly allocated. We will review the allocation of income and expenditure of restricted and unrestricted funds; ensuring restricted funds are used for the purposes intended.	We reviewed the allocation of expenditure between restricted and unrestricted funds, checking that expenses are correctly allocated and used for the purposes intended.
5	<b>Payroll - Accuracy, Existence and Completeness</b> Salary costs are the largest item of expenditure of the Academy.	We reviewed the reconciliations of the payroll records with the disclosures in the financial statements. We tested controls over payroll and completed substantive testing to provide assurance that the payroll information is accurately reflected in the financial statements.
6	<b>Pension Scheme Liability - Valuation</b> The pension liability represents the Academy Trust's share of the deficit of the Local Government Pension Scheme. The amount recognised is an estimate, and has been recorded from the valuation undertaken by the Scheme's actuary. There remains a risk that the amount may be materially misstated if the assumptions used by the Scheme's actuary are not appropriate.	We reviewed the actuarial valuation for the Academy that has been presented by the actuary. We completed review procedures on the estimates to determine our reliance on this work. We ensured that the Academy checks the data which has been provided for the actuarial report and we considered the relevance of the assumptions used by the actuary in preparing the valuation.  We checked the pension disclosures in the financial statements to ensure these reflected the assumptions used.
7	<b>Regularity</b> The ESFA have highlighted in the Academies Financial Handbook their Schedule of Requirements (the 'musts') that are an essential obligation for all Academies.	We have considered your answers to our questions and evidence relating to the 'must' requirements as part of our audit work.

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8	<b>Fixed Assets – Existence and Completeness</b> The risk that assets are incorrectly included in the financial statements	We have reviewed assets capitalised to ensure the accounting policies have been applied. We have tested the existence of fixed assets, on a sample basis, to gain comfort that the assets recorded in the fixed asset register are valid assets owned and used by the Academy Trust.
9	<b>Creditors – Completeness and Valuation</b> The risk that liabilities are incomplete	<p>We have tested trade creditors and accruals to ensure that the balances are valid, accurate and complete. Tax liabilities and other creditors have been reviewed and verified to supporting documentation. We have considered whether possible capital works and other liabilities around the year end need to be accrued.</p> <p>We have checked if any provisions are required for potential clawbacks of income and whether these should be reflected in the accounts if material.</p> <p>We have considered income recognition policies for income arising from capital grants such as the School Building Programme, and pupil funding relating to universal infant free school meals.</p>
10	<b>Allocation of costs between academies -</b> As a Multi-Academy Trust you are required to make certain disclosures as set out in the Academies Accounts Direction. These included matters to include in your Trustees' Annual Report, disclosure of General Annual Grant, restricted funds attributable to each constituent Academy and central services provided by the Trust.	We have reviewed the basis of allocation of costs by reference to agreements between the Trust and local governing bodies, and also considered the adequacy of disclosures made in the accounts.

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11	<p><b>Reporting Covid-19 in your Financial Statements</b></p> <p>The Charity SORP-making body has issued advice on the financial reporting implications that may arise from the measures being put in place to contain the impact of the COVID-19 virus.</p> <p><a href="https://www.charitysorp.org/media/648486/sorp-covid-19.pdf">https://www.charitysorp.org/media/648486/sorp-covid-19.pdf</a></p> <p>The advice is for Financial Statements that have yet to be approved, but apply to all accounts to be signed off in the near future under COVID-19 conditions. It refers to considerations to be taken into account when producing the Trustees' report and also considers post balance sheet event reporting. This guidance must be considered when preparing the 31 August 2020 accounts, as well as the guidance in the Supplementary Bulletin to the Academies Accounts Direction for 31 August 2020.</p> <p>Due to the unprecedented situation regarding the Covid-19 pandemic we will consider the impact that this could have on the organisation regarding going concern and your planned response</p>	<p>We have discussed the operational impact on the trust and have reviewed the reserves position of the trust in this light.</p> <p>The trust intends to monitor all matters as the financial statements are finalised and will revise disclosures in the Trustees Annual Report and Accounts accordingly, particularly in light of the ESFA Supplementary Bulletin to the Academies Accounts Direction 2019/20 issued by the ESFA in July 2020.</p> <p>We will continue to monitor the impact of Covid-19 on the trust and will discuss with you should we feel additional disclosure is required.</p> <p>At the time of writing this report we are not envisaging that we will be required to modify our audit report in this regard.</p>



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#### 3.1 Materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and the impact of uncorrected misstatements. In general, misstatements, including omissions, are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in the light of surrounding circumstances, and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both.

We have assessed the materiality for this assignment by considering the total income of the Academy, net of capital income together with other relevant indicators. A lower measure of materiality was set for those specific areas where the nature of the transactions requires this, for example in respect of related party transactions.

Where individual errors, or accumulated errors found during the course of the audit, are in excess of materiality, these are discussed with you and adjustments made to the financial statements. If the adjustments had not been made, our audit report would be modified. Where adjustments are found during the audit which are below the relevant materiality level, these have been sent for consideration by the Trustees.

#### 3.2 Independence and ethical considerations

Under current UK Ethical Standards, we are required to write to you to give you full and fair disclosure of any matters that may relate to our independence, or the perception of our independence, as the Academy's auditors. The Financial Reporting Council's Ethical Standard applies to this assignment.

MHA MacIntyre Hudson operates safeguards in order to ensure that we act independently. We have ensured that the partners and staff on this audit do not have any connections with the Academy, or with its trustees or its staff.

We note that in addition to performing the statutory audit, we also provide the following non-audit services:

- a) preparation of statutory financial statements from Academy trial balance;
- b) certification of the Teachers Pension return;
- c) provision of general advice/VAT advice as required;
- d) preparation of corporation tax computation and CT600 return/ forms P11D
- e) preparation of Academies Accounts Return
- f) Certification of Annex G for grant funding
- g) assistance with completion of other Returns (eg BFRO/BFR)

The following safeguards are in place in respect of the provision of the above non audit services to ensure our independence:

- a) Preparation of statutory financial statements from the Academy trial balance is considered to be a mechanical function presenting the Academy's results for the period to 31 August 2020 into the required format. Any adjustments to the figures will be made following discussion and approval by the Academy. The financial statements are reviewed by an MHA MacIntyre Hudson independent manager prior to completion;
- b) The completion of the TPA return does not affect our statutory audit work;
- c) General advice and assistance with accounting queries during the period is not considered significant for this Academy. VAT advice is provided by our VAT experts who are independent of the audit team.
- d) The completion of the taxation computation and other corporation tax compliance is carried out by a separate tax team.
- e) Assistance with preparation of the Accounts Return is a mechanical function derived from the statutory accounts and following discussion with the Academy Trust.
- f) Certification of Annex G does not affect our audit work.
- g) Assistance with completion of other Returns is a mechanical function based on information provided by the Academy Trust after discussions with you.

# 4 Amendments to Financial Statements and significant concerns

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#### 4.1 Amendments to financial statements

A summary of adjustments made to the Academy trial balance to finalise the financial statements and also the unadjusted misstatements have been sent to you.

As Trustees of the Academy, you are responsible for preparation of the financial statements and for the review of the adjusted and unadjusted items. Trustees are required in the letter of representation to confirm that the recorded items do not require adjustment in the financial statements. Those below the trivial threshold will not be included in the letter of representation.

#### 4.2 Significant concerns

During the course of our audit and regularity assurance engagement for the year ended 31 August 2020 we noted matters which we consider should be brought to your attention. We note that these matters came to light during the course of our normal audit and assurance tests. These tests are designed to assist us in forming our opinion on the financial statements and providing a limited assurance conclusion on regularity. Our tests may not necessarily disclose all errors or irregularities and should not be relied upon to do so. However, if any irregularity did come to our attention during our audit and assurance tests, we would, of course, inform you as soon as practical.

We note in Section 5 the issues arising from our regularity audit. Significant concerns arising from the 'true and fair' audit of the financial statements, which do not impact regularity, are included at Section 6. The importance of these issues has been considered and the perceived risk rated as high, medium or low, following our discussion with the Business Manager. Recommendations for changes in procedures in order to address these areas have also been included.

#### 4.3 Regularity opinion

Our regularity opinion in the financial statements must reflect all significant and material issues that have been raised in this management letter.

There are no significant issues detailed in this management letter which are required to be included in the regularity opinion, hence the regularity opinion in the financial statements has not been modified.

Where we have identified areas of irregularity, but have concluded that the irregularity is not material by virtue of the value or nature of the issue, this has been included in the summary tables below. This is included in order for the Education and Skills Funding Agency to have full information relating to all regularity issues, enabling them to draw an overall conclusion on regularity in the Academy Trust.

The Trustees' responses to the issues raised, together with a timescale for action, have been included where these have been received prior to the finalisation of this report

Recommendations made by us in the previous year relating to the audit of the financial statements and the regularity audit have been included together with any changes on the issues raised.

# 5 Regularity issues

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<u>Internal scrutiny</u> <p>The MAT have not met their agreed programme of work for internal scrutiny due to long term sickness of the external internal scrutiny provider. There is a risk that independent assurance has not been provided to the board on the MAT's financial and non-financial controls during the year.</p>	<p><b>MEDIUM RISK</b></p> <p>We recommend that the MAT reviews the alternative options available for providing independent assurance to meet their agreed programme of work for internal scrutiny.</p>	<p>As previously discussed this was delayed this year due to illness. We are having an online retrospective of the Summer term taking place at the moment by the same person. To avoid the possibility of being caught out due to sickness in the future we have agreed for our internal scrutiny this financial year to be completed by Buzzacott Accountants who have a team available if sickness should arise.</p>	<p>In place</p>
<u>Trustees</u> <p>The Trust should ensure that trustee appointments and resignations are kept up to date on Companies House and Get Information About Schools (GIAS). A check of GIAS shows that F Gasparro has been appointed as a trustee on 01/10/20, but this appointment is not shown at Companies House.</p>	<p><b>LOW RISK</b></p> <p>Companies House must be updated on a timely basis for appointments and resignations of trustees.</p>	<p>This was an oversight, GIAS and Companies House are now up to date.</p>	<p>Completed</p>

# 6 Internal control weakness

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Weakness and potential consequences	Significance and recommendations	Trustees' response	Timescale and responsibility for implementation
<p><u>Consistency of purchase and payroll controls</u></p> <p>Controls over purchases and payroll are not as consistent at St Mary's Pre School as the rest of the MAT. However, we understand that the MAT has been working on implementing new procedures at St Mary's Pre School towards the end of 2019/20.</p> <p>We will be able to test the new procedures to ensure they are applied and are consistent with the rest of the MAT.</p>	<p>MEDIUM RISK</p> <p>Procedures should be consistent across the MAT to simplify oversight and authorisation.</p>	<p>Procedures are now in place and will be monitored ongoing.</p>	<p>In place</p>
<p><u>Bank reconciliations</u></p> <p>St Edmunds: The bank reconciliation provided for audit at the year end did not agree to the trial balance at the same date. There is a risk that incorrect bank reconciliations are being used to prepare management accounts which may lead to decisions based on incorrect information</p>	<p>LOW RISK</p> <p>We recommend that checks are carried out to ensure that bank reconciliations agree to the trial balance.</p>	<p>This was due to post year transactions (refunds for school trips that could not take place during the financial year 19/20 due to Covid19).</p> <p>Checks are normally carried out to ensure that bank reconciliations agree to the trial balance, this was an anomaly.</p>	<p>N/A</p>



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<u>Governors' register of interests</u> St Teresa's and St Francis' register of interests have not been published on the school website.	The register of interests for both these schools have been published on the school websites.	N/A	N/A
<u>MAT website</u> The website lacks a number of required elements under para 2.10.1 of the ESFA financial handbook, the structure and remit of members, the board of trustees and the various committees. Regards Trustees the website lacks the date of appointment, their term of office, who appointed them and recent attendance records.	The MAT website appears to be unavailable and therefore we were unable to check whether the updates had been made.	The information has been updated on the website, however there is a technical problem with the domain at the moment which we are trying to resolve.	ASAP
<u>Edubase / GIAS</u> Edubase / GIAS is the DfE's register of educational establishments. For Frassati this register is not up to date. Examples include David Maters being listed as the Accounting Officer, Janice Laycock listed as the Chief Financial Officer and Maria Illingworth not being shown as having resigned. The register need to be kept up to date and complete to comply with regularity requirements and to ensure that accurate information is available to interested parties when required.	GIAS has been brought up to date, but the Trust should be mindful of terms of office ending on GIAS.  Currently D McEvoy is not listed as a current trustee on Edubase as his term has ended.	This is now up to date	Completed

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<p><u>Debtor reconciliation reviews</u></p> <p>The schools' debtor ledger should be reconciled to the nominal ledger each month. The list of balances should be printed, signed by the preparer as agreeing to the nominal ledger balances, and reviewed and signed by a second person. Any differences need to be documented and investigated. We note that there was no evidence of such monthly reconciliations for St Teresa's, St Mary pre-school and St Francis. St Edmund nursery had no evidence of second person review and St Edmund's had only some months and none had evidence of review. The risk is that overdue debtors are not investigated and that the nominal ledger does not reflect the actual debtor position.</p>	<p>St Teresa's: Reports printed off each month.</p> <p>St Mary's Pre School: New procedure in place from July 2020.</p> <p>St Francis: Reconciliations performed but not retained.</p> <p>St Edmund's Nursery: Evidence of authorisation for all bar 2 months during lockdown.</p> <p>St Edmunds: Prepared and reviewed.</p> <p>Consistency of the procedures over debtor and creditor reconciliations agreed.</p>	Resolved	In place
<p><u>Creditor reconciliation reviews</u></p> <p>As above but for the creditors' ledger. The risk is that suppliers will not be paid and the nominal ledger position is not accurate. We note that the same findings were relevant for the schools noted above.</p>	<p>St Teresa's: Reports printed off each month.</p> <p>St Mary's Pre School: Reconciliations not performed.</p> <p>St Francis: Reconciliations performed but not retained.</p> <p>St Edmund's Nursery: Evidence of authorisation for all bar 2 months during lockdown.</p> <p>St Edmunds: Prepared and reviewed.</p>	Resolved	In place

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<p><u>Use of charge cards</u></p> <p>St Teresa's - with no purchase order forms being raised when using the charge card, there is no evidence of approval for charge card purchases.</p> <p>St Mary's pre-school—there is a lack of control and evidence of review on charge card purchases. One personal item was inadvertently purchased through the school card.</p> <p>The risk is that inappropriate use of the school charge card may occur resulting in loss to the school.</p>	<p>Our sample testing did not identify any issues in the current year. However note that St Mary's Pre School implemented a new charge card policy from July 2020.</p> <p>The Trust acknowledged that they were aware of instances of missing paperwork during the year and have implemented a new charge card policy with effect from September 2020.</p>	N/A	N/A
<p><u>Tendering process</u></p> <p>St Mary's and St Teresa's—the tendering process as adhered to but there is no evidence of approval by the trustees, which would normally be through board meetings.</p> <p>The risk is that tenders are not scrutinised sufficiently for value by the relevant governors/trustees.</p>	<p>Again, the tendering process was adhered to but no evidence of approval by the trustees at board meetings.</p>	<p>We will ensure that tenders are approved by the trustees in the future.</p>	Ongoing
<p><u>Bank reconciliations</u></p> <p>Central MAT and St Edmund nursery—there is evidence of performance on a monthly basis but not of second person review. The same was found for St Mary's pre-school and we also noted that the reconciliations were not in the correct format and did not formally reconcile the nominal ledger to the bank balance each month.</p> <p>The risk is that errors will not be picked up on a timely basis.</p>	<p>Central: Reconciliations reviewed and authorised.</p> <p>St Edmund's Nursery: Reconciliations reviewed and authorised bar 2 months.</p> <p>St Mary's Pre School: Reconciliations are not being reviewed and authorised.</p>	<p>Bank reconciliations are now taking place at least monthly across all schools.</p>	Implemented

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<p><u>Management accounts</u></p> <p>Overall the management accounts format varies between schools and a more consistent and comparable format within the MAT would enable a better understanding of the results and performance within the MAT.</p> <p>St Edmund's—no cash flow information included in the management accounts and no evidence that the accounts were reviewed at least six times in the year by the trustees, as required by the AFH.</p> <p>St Mary's pre-school has not produced management accounts in the year, as required by the AFH</p> <p>Regular management accounts sent out to all interested parties including trustees in a consistent and relevant format will improve the ability to make decisions based on accurate, timely and consistent information.</p>	<p>St Edmund's: No cash flow information provided.</p> <p>St Mary's Pre School: Prepared management accounts twice a year now.</p> <p>Trust using BPS Orovia reporting software to streamline consistency of management reporting across the schools in the MAT. The income and expenditure variance reporting is very good, but there does not appear to be a balance sheet or cash flow forecast in the reporting package.</p>	<p>We are investigating switching to Sage for Education which will enable more accurate management accounts to be produced including cash flow forecast.</p>	Ongoing
<p><u>Risk register</u></p> <p>There is currently an inconsistent approach to risk registers with a central register being mooted but not having been fully implemented. The risk is that risks are not updated or relevant and that shared risks are repeated and not dealt with in a consistent manner. The approach by the individual schools is overall reasonable but we note that St Mary's pre-school do not have a risk register and that St Mary's do not have a business continuity plan in place. The St Edmund risk register is not updated, lacking detail and is not regularly monitored.</p>	<p>The schools are using individual risk registers, but St Mary's Pre School still does not have a risk register and St Mary's still do not have a business continuity plan in place. St Edmund's have updated their risk register.</p> <p>The schools should ensure that new risks are included on the risk registers such as virus/pandemic risk.</p>	<p>There is a central MAT risk register and St. Edmund Campion have updated their risk register.</p>	Implemented



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<p><u>Payroll</u></p> <p>St Mary's nursery has limited controls over the payroll process including a lack of second person authorisation. There is therefore increased risk that fraud or error will not be identified.</p>	A payroll checker spreadsheet was implemented at the end of 2019/20 and so could not be tested yet.	To be tested in 2020/21	N/A
<p><u>Financial procedures manual</u></p> <p>There are no detailed systems or controls described within the financial procedures manual for the various difference types of income streams, which could lead to inconsistent procedures within the different schools and a lack of best practice.</p>	The financial procedures manual has been updated to include to name the various types of income, however there are no detailed procedures for each income stream.	To be updated further with more income details.	Ongoing
<p><u>Board meetings</u></p> <p>St Mary's nursery has not had a board meeting for many months, which could lead to a lack of direction and strategic decision making.</p>	Board meetings were held during the year and minutes available.	N/A	N/A
<p><u>VAT claims</u></p> <p>These are not being performed regularly and therefore potential cash being reclaimed is not recovered on a timely basis affecting the MAT's overall cash flow.</p>	VAT claims are now being performed regularly.	N/A	N/A

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<p><u>Payroll</u></p> <p>St Teresa's does not have the ability to use BACS for payments, which is a disadvantage generally as all payments require cheques to be raised. For payroll this leads to St Teresa's having to estimate their payroll in advance and sending a cheque to the central MAT which will lead to either over or under payment, increasing book-keeping and impacts cash flow.</p>	St Teresa's has been set up with BACS to pay suppliers and payroll.	N/A	N/A
<p><u>Payroll</u></p> <p>St Teresa's had one leaver in the year with insufficient documentation in place to evidence the leaver having left and authorised as doing so.</p> <p>The risk is that payroll records are inaccurate and that management are unaware of staff leaving.</p>	No issues detected during sample testing in the current year.	N/A	N/A
<p><u>Internal Control checking report findings</u></p> <p>St Mary's pre-school has had a number of points raised by the reports in the year and a number have not been rectified. The points will not be raised again here but we note that there appears to be a lack of follow up and ownership of these findings at local and board level. The risk is that any failures of process will lead to inaccurate records and that errors will not be identified. This includes mention of a pre school employee who was invoicing the pre school rather than being on payroll and there maybe potential IR35 implications.</p>	The Trust has been working towards implementing systems and controls at St Mary's Pre School but this was towards the end of 2019/20 and could therefore not be fully tested in our audit for 2019/20.	Procedures are now in place and will be monitored ongoing.	Ongoing

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<p><u>Intercompany accounts</u></p> <p>The intercompany accounts are not being used correctly by the MAT. In the Central accounting system we noted that trade creditors were being used for intercompany transactions and there was a lack of consistency between which balance sheet accounts are used. There is a risk that intercompany transactions are not recorded correctly between Central Services and the schools which may result in unpaid balances or disputed amounts.</p>	Trade creditors are still being used in the Central accounting system.	Intercompany transactions to go through the correct process.	Ongoing
<p><u>Edubase/GIAS is not up to date for individual schools</u></p> <p>GIAS is not up to date for several individual schools. We note that there are no details of the local governors for St Margaret's and St Teresa's.</p>	GIAS has been updated to include local governors.	N/A	N/A

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<p><u>Bank reconciliations—2018 issue</u></p> <p>St Mary's Nursery did not reconcile the bank balance between Sage and the bank statement on the Little Friends bank account (difference of £1,612).</p> <p>St Edmunds and St Teresa—year end bank reconciliations were not prepared. The difference between Sage and the bank statement was £18,727 for St Teresa and £64,175 for St Edmunds.</p> <p>Per the trust's financial procedures manual bank reconciliations must be performed at least on a monthly basis, and all bank accounts should be reconciled to the school's cash book.</p>	<p>The Little Friends bank account is now up to date and reconciled monthly.</p>	<p>N/A</p>	<p>N/A</p>
<p><u>Catering income—2018 issue</u></p> <p>St Teresa—The school uses software called Scholar Pack to maintain pupil catering income. The system does not allow historic data to be viewed which could mean that any discrepancies can not be resolved.</p> <p>Also income is not posted onto Scholar Pack until the period it relates to. Therefore catering income is maintained on a cash basis rather than an accruals basis.</p>	<p>No issues noted during sample testing of catering income in the current year.</p>	<p>N/A</p>	<p>N/A</p>



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We take a genuine interest in the success of our clients and value constructive feedback on all aspects of our services and continually seek improvement opportunities.

If you have any questions or would like to discuss any of the matters covered in our Audit Findings Management Letter, please do not hesitate to contact us.

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