

Our Ref: BSHE6027/JS/CC
Date: 14 November 2022



PRIVATE & CONFIDENTIAL

The Board of Trustees
Henleaze Junior School
Park Grove
Henleaze
Bristol
BS9 4LG

Dear Sirs

2022 Audit and Regularity Assurance Engagement of Henleaze Junior School

Introduction

In order to carry out our duties and responsibilities as auditors, we are required by International Standard on Auditing (UK) 260 "*Communication with those charged with governance*" ("ISA 260"), to communicate matters arising from the audit of the above named Academy Trust to you.

Our fieldwork is complete and we propose to issue an unmodified audit report for the year.

Our Approach to the Audit

Our work was planned to provide a focused and robust audit, so as to:

- Provide an independent opinion as to whether the financial statements give a true and fair view; and;
- State whether the financial statements have been properly prepared in accordance with the Companies Act 2006 and the relevant Academies Accounts Direction (AAD).

Our work was also planned to provide a "limited assurance" report on regularity in accordance with the relevant AAD issued by the Education and Skills Funding Agency (ESFA).

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

When planning our audit work, we sought to minimise the risk of material misstatements occurring in the financial statements. To do this, we considered both the risk inherent in the financial statements themselves and the control environment in which your Academy Trust operates. We then used this assessment to develop an effective approach to the audit.

Based on our knowledge of the Academy Trust, we assessed the risks to the Academy Trust and planned our audit with regard to these risks. Our auditing standards require us to include the following as significant risks:

- Management override; and;
- Revenue recognition.



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Responsibilities of the Trustees

The trustees are responsible for the preparation of the financial statements and for making available to us all the information and explanations we consider necessary.

The matters dealt with in this letter came to our attention during the conduct of our normal audit and assurance procedures which are designed primarily for the purpose of expressing our opinion on the financial statements of the above Academy Trust and providing a limited assurance conclusion on regularity.

In consequence our work did not encompass a detailed review of all aspects of the systems and controls and cannot be relied upon necessarily to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might reveal.

We would be pleased to discuss any further work in this regard with trustees and/or management.

Qualitative Aspects of Accounting Practices, Regularity and Financial Reporting

The following key audit and accounting issues were discussed and agreed at our closing audit meeting with Nicola O'Brien on 1 November 2022.

- Accounts presentation
- Trustees' report

Audit Materiality

In carrying out our audit work we considered whether the financial statements are free from 'material misstatement'.

Materiality is an expression of the relative significance of a particular matter in the context of the financial statements as a whole. An item will normally be considered material if its omission would reasonably influence the decisions of those using the financial statements.

The assessment of whether a misstatement is material in the context of the financial statements is a matter of professional judgement and will have regard to both the amount and the nature of the misstatement. Thus, different materiality levels may be appropriate when considering different aspects of the financial statements.

The assessment of whether a misstatement is material in the context of the regularity assurance report has been evaluated in the same way as the "true and fair" audit of the financial statements, as noted above.

Audit adjustments

During the course of our audit, we have identified adjustments which have been processed in the financial statements, on the agreement of management. These are attached to the letter of representation.

Internal financial controls

Our review of the Academy Trust's system of internal control is carried out to assist us in expressing an opinion on the financial statements of the Academy Trust as a whole. This work is not primarily directed towards the discovery of weaknesses or the detection of fraud or other irregularities (other than those which would influence us in forming that opinion) and should not therefore be relied upon to show that no other weaknesses exist. Accordingly, we refer only to significant matters which have come to our attention during the course of our normal audit work and do not attempt to indicate all possible improvements which a special review might reveal.

Accompanying this letter is a memorandum noting our significant control observations together with any recommendations we have for possible improvements which could be made. See Appendix I.

Regularity assurance engagement findings

We conducted our regularity assurance engagement in accordance with the relevant AAD issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable

assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement included examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

We propose to issue an unmodified regularity assurance report for the year.

Appendix I also includes regularity issues brought to your attention in connection with the regularity assurance engagement.

Your comments

We would be grateful if you could enter your comments against each point under the "management response" column of Appendix 1 and return it to us in due course. This letter will be submitted to the ESFA with the Financial Statements.

This letter has been prepared for the sole use of the Board of Trustees, Governors, management and others of the Academy Trust. We understand that you are required to provide a copy of this report to the Education and Skills Funding Agency who may share this information internally within the Department for decision making purposes. With the exception of this, no reports may be provided to third parties without our prior consent. No responsibilities are accepted by Bishop Fleming towards any party acting or refraining from action as a result of this report.

Finally we would like to take this opportunity to thank your staff for the co-operation we have received throughout our audit. If there are any further matters which you wish to discuss concerning our audit, please do not hesitate to call us.

Yours faithfully

A handwritten signature in black ink that reads "Bishop Fleming LLP". The signature is written in a cursive, flowing style.

BISHOP FLEMING LLP

APPENDIX I

Control Observations and Recommendations

KEY:



Observations refer to issues that are so fundamental to the system of internal control that management should address immediately to minimise the risk of a material misstatement within the financial statements.



Observations refer mainly to issues that have an important effect on the system of internal control and, if left uncorrected could potentially lead to a material misstatement within the financial statements.



Observations refer to issues that would, if corrected, improve internal control in general and engender good practice, but is unlikely to have a material impact on the financial statements.



Observations identified in previous periods have been resolved.

Current year observations

Employee as a member	
The Trust's Business Manager is a member. Per the Academies Trust Handbook, in order to maintain independence, employees of the Trust <u>must</u> not be members.	<p><u>Recommendation</u> In order to comply with the Academies Trust Handbook, we recommend that the Trust's Business Manager does not act as a member.</p> <p><u>Management comment</u> The Business Manager acts in an advisory capacity only, with no voting rights.</p> <p>Given the Trust's plans to join a multi-academy trust in the near future, there are no plans to alter the current members.</p>





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Update on previous year observations

Opening balances	
 <p>We identified that the brought forward reserves position did not agree to the prior year signed accounts by £2.7k. This means that the reported resulting during the period in the management information have been misstated. An adjustment has been posted to correct the issue.</p>	<p><u>Recommendation</u> We recommended that the opening reserves position is reconciled to the prior year signed accounts as part of the month end process with any differences investigated and reconciled.</p> <p><u>Update</u> Opening reserves agreed to the prior year financial statement closing balances.</p> <p>This recommendation has therefore been cleared.</p>
Posting of accrued and deferred income	
 <p>We understood that month end adjustments for prepayments, accruals, deferred and accrued income were not posted in the prior year. These amounts should be recognised each month to ensure the management information delivered to the Trustees is as relevant as possible.</p>	<p><u>Recommendation</u> We recommended that all month end adjustments for prepayments, accruals, deferred and accrued income are posted as part of the month end process and these nominals are reconciled to supporting schedules.</p> <p><u>Update</u> There appears to be no change this year with many of the balances not updated during the financial year. Our recommendation therefore remains valid.</p> <p>The recommendation has been noted and discussed by management and it was agreed that this would not produce any significant added value or additional reliable information for the Trustees relative to the other priorities of the school's resources.</p>

New accounting system issues	
<div data-bbox="168 236 250 284"></div> <p data-bbox="168 312 752 400">With the use of the new accounting system in the 19/20 financial year, we identified two issues that resulted in adjustments being made.</p> <p data-bbox="168 435 752 555">BACS payments processed and paid post year end had been posted into the prior year causing the bank and trade creditor balances to be understated.</p> <p data-bbox="168 590 752 710">Bank transfers between the school fund and the current bank account were posted into income and expenditure. This therefore caused overstatement of income and expenditure.</p> <p data-bbox="168 745 752 833">Whilst both cases had a net nil impact on the result for the year, they lead to balances being misstated during the year.</p>	<p data-bbox="790 312 1016 339"><u>Recommendation</u></p> <p data-bbox="790 344 2123 432">We recommended that bank payments are recognised on the date they are processed rather than be posted into the period they relate to. We also recommend that all bank transfers are posted between bank account nominal codes. We understand measures have now been taken to prevent this from occurring in the future.</p> <p data-bbox="790 467 882 494"><u>Update</u></p> <p data-bbox="790 499 1379 526">No such issues were identified in the current year.</p> <p data-bbox="790 561 1379 588">This recommendation has therefore been cleared.</p>
Members and Trustees	
<div data-bbox="168 938 250 986"></div> <p data-bbox="168 1015 752 1166">In the prior year all Trustees are also members as per the articles of the Academy. Per the Academies Trust Handbook it is strongly recommended that there is a distinction between the Members and Trustees.</p>	<p data-bbox="790 1015 1016 1042"><u>Recommendation</u></p> <p data-bbox="790 1046 2136 1134">We recommend that the Trust seeks to limit the number of members who also sit on the Board of Trustees to maintain objectivity. Per the Academies Trust Handbook, the majority of members should be independent from the Board of Trustees.</p> <p data-bbox="790 1169 882 1197"><u>Update</u></p> <p data-bbox="790 1201 2123 1257">There are no plans to distinguish the members and Trustees given the Trust's plans to join a multi-academy trust in the near future.</p>