



# Sir Roger Manwood's School Key Audit Findings

For the year ended



## 31 August 2024

# Our values



Our values define who we are and how we do things at Kreston Reeves. They reflect our attitudes and behaviours and represent a promise of quality, personal service and commitment to our clients, communities and colleagues.

Collectively and individually we aim to:

 <p><b>Our purpose</b></p> <p><i>Our purpose is to guide our clients, our colleagues, and our communities to a brighter future.</i></p>	 <p><b>Understand</b></p> <p>Understand a client's broad context Appreciate their particular situation and priorities Listen; ask; be curious</p>	 <p><b>Look ahead</b></p> <p>Anticipate a client's future needs Embrace change and think innovatively Help people and organisations adapt to new opportunities</p>
 <p><b>Make it personal</b></p> <p>Tailor our solutions and approach to a client's needs Work and communicate in the way you prefer</p>	 <p><b>Be crystal clear</b></p> <p>Communicate clearly, with the right language Always keep our clients 'in the loop' Think clearly and act decisively</p>	 <p><b>Be human</b></p> <p>Understand our clients as people, including their concerns, priorities and emotions Be friendly and approachable Make a positive impact in helping our clients succeed</p>

## Our awards

We are regularly recognised and shortlisted in prestigious national, regional and industry awards. As well as receiving award recognition ourselves, it's important to us to help recognise and award the successes and growth stories of other businesses. We regularly support and sponsor awards such as Kent MegaGrowth and Sussex Top50.





**Key Audit Findings  
For the year ended 31 August 2024**

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## 1. Introduction and audit summary

The purpose of this report is to bring to your attention our findings from the recent audit carried out on Sir Roger Manwood's School. We appreciate that you will already be aware of the majority of the matters contained in this report through earlier discussions you will have had with the audit team, but we hope that you will find this report a useful summary of those discussions.

It is a requirement of the Academy Trust Handbook that the audit and risk committee review the auditors findings and the actions taken by leadership teams in response to those findings.

Management letters provide helpful information your board can use to ensure your academy trust is properly governed and managed.

We would like to take this opportunity to thank Paula and the rest of your accounts team for the assistance they have provided to us during the course of our audit.

Our audit has given us a unique opportunity to understand your activities and processes. We have used this opportunity to provide you a service that is of real positive benefit to you.

During the course of our audit work this year we have performed the following tasks which we hope that you will have found to have been of benefit.

- We have assisted you with the preparation of the academy trust's financial statements and the trustees' annual report, ensuring that they comply with all statutory requirements and with accounting standards, including the Statement of Recommended Practice *Accounting and Reporting by Charities* and the Academies Accounts Direction.
- In order to be able to assist you with the preparation of the Academy Trust's financial statements we have highlighted to you, misstatements in the accounting records discovered by our audit work, and worked with you to ensure that where material these have been corrected. Further information related to misstatements discovered during our audit are set out in Section 6 of this report and supporting Appendix II.
- As part of our audit we have reviewed the financial reporting framework under which the Academy Trust prepares its financial statements. As part of this review we have ensured that the Academy Trust is complying with Generally Accepted Accounting Practice, including the Statement of Recommended Practice *Accounting and Reporting by Charities* and the Accounts Direction 2023 to 2024 by the Education and Skills Funding Agency.
- Following completion of the audit we will work with you to ensure that the Academy Trust's Academies Accounts Return (AAR) is completed accurately and filed with the Education and Skills Funding Agency within the required deadline.
- We have advised you of planned changes in legislation that may be of relevance to you in order that you may prepare for their implementation. These are detailed at Section 8 of this report.
- We have reviewed the Academy Trust's systems of accounting and internal control systems and made recommendations where these can be improved. These are detailed at Section 7 of this report.

- We have considered the Academy Trust's governance and compliance with elements of company and charity law, suggesting improvements that could be made. These are detailed at Section 8 of this report.
- We have considered whether the Academy Trust's activities could result in any liability to taxation, and advised you accordingly. For further details see Section 5 of this report.
- We have advised you of planned future changes to taxation that are likely to affect the Academy Trust, providing an indication of the likely impact. These changes are detailed at Section 5 of this report.

Should you have any questions regarding any of the issues raised in this report please contact Peter Manser as the partner responsible for the audit of the Academy Trust, or any other member of the audit team, who will be happy to provide further explanations as required.

**Kreston Reeves LLP**

Statutory Auditor  
Chartered Accountants

**December 2024**

## **2. Audit and Assurance reports**

### *Audit of the financial statements*

We can confirm that our audit has not revealed any matters which will require modifications to our audit report. Thus, at this stage we expect that an unqualified audit opinion will be issued.

### *Regularity*

In accordance with the Accounts Direction 2023 to 2024 we are required to report to you and the Education and Skills Funding Agency on Regularity.

The nature of this report is one of providing only limited assurance, i.e. to confirm that nothing has come to our attention to suggest that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

We have not undertaken significant specific additional procedures purely for the purposes of our report on Regularity. However, throughout our audit we have been aware of the requirement to issue this report and have included a consideration of Regularity as part of the audit procedures we have performed. In doing so we have not become aware of any material instances of non-compliance with the principles of regularity, and we expect this to form the basis of the conclusion of our report on Regularity.

## **3. Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of greatest significance in our audit of the financial statements. These include the significant risks of potential material misstatement that we identified during our planning of the audit and had the greatest impact on our overall audit strategy, which we advised you of in the Audit Plan issued to you prior to the commencement of our work.

We can now report to you how our audit addressed these areas of significant risk and the conclusions we formed.

- **Recognition and completeness of income**

Under ISA 240 there is a presumption that revenue recognition is a fraud risk.

Our work in this area included:

- Updating our understanding of the internal control environment in operation for significant income streams and undertaking a walk-through to ensure that the key controls within these systems were operating in the period under review;
- Substantive transactional testing of income recognised in the financial statements, including deferred and accrued income balances recognised at year end;

- This included a review of a sample of grant terms to ensure correct recognition in the financial statements in line with the criteria set out in the Accounts Direction and Charity SORP; and
- A review of post year end receipts to ensure completeness of income recorded in the accounting period.

The results of our substantive testing confirmed that income recognised in the accounts is materially correct.

- **Management override of controls**

Under International Standard on Auditing (UK and Ireland) 240 “The Auditor’s responsibility to consider fraud in an audit of financial statements” (“ISA 240”), there is a presumed significant risk of management override of the system of internal controls.

We are not responsible for preventing fraud or corruption - the primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity.

They are responsible for establishing a sound system of internal control designed to support the achievement policies, aims and objectives and to manage the risks facing the organisation; this includes the risk of fraud.

Our audit is designed to provide reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

We considered the potential for the manipulation of financial results through the use of manual journals and estimates to be a significant fraud risk.

Our work in this area included:

- A review of manual journals processed during the period under review and in the preparation of the financial statements to determine whether these were appropriate.
- Use of our data analytics tool to identify high, medium and low risk transactions. All high risk transactions have been reviewed for appropriateness.
- A review of key estimates, judgements and assumptions within the financial statements for evidence of management bias, and agreement to appropriate supporting documentation.
- An assessment of whether the financial results and accounting records include any significant or unusual transactions where the economic substance is not clear

Our testing did not reveal any instances of management override of the systems therefore, the financial statements appear to be free from material adjustment, fraud and error as a result of management override.

- **Related party transactions**

International Standard on Auditing (UK and Ireland) 550 *Related Parties* requires us as auditors to conclude whether:

- there is sufficient audit evidence in respect of related party transactions and arrangements;
- all related parties have been identified to ensure that all material related party transactions and arrangements have been disclosed in the financial statements;
- sufficient appropriate audit evidence has been obtained such that the risk of a material misstatement is reduced to an acceptably low level in respect of related parties; and
- there is a fair presentation of related party transactions and arrangements in the financial statements which is not misleading.

The Trust is required to maintain a register of interests and hospitality for Trustees, Local Governing Boards, the Accounting Officer and the Senior Leadership Team.

We reviewed the systems of control around related party relationships and transactions which includes maintaining a register of business interests and cross checking the companies listed to supplier lists.

We considered if the disclosures in the financial statements concerning related party transactions are complete and adequate and in line with the requirements of Charities SORP (FRS 102) and Academy Trust Handbook 2023.

We reviewed the declaration of interest forms and register of interest for all Trustees and Key Management Personnel.

We inspected the following for indications of the existence of related party relationships or transactions that management has not previously identified:

- Bank and legal confirmations obtained as part of our audit procedures;
- Minutes of meetings of those charged with governance

Related party questionnaires have been received and reviewed, and the nominal ledger has been reviewed for any previously unidentified transaction. From the work undertaken, no previously unidentified related party transaction were discovered.

- **Accounting estimates**

Risk of material misstatement due to incorrect recording of the defined benefit pension scheme deficit (LGPS) and Trust's land and buildings which are significant balances on the balance sheet.

Our work in this area included:

- The reports prepared by the defined benefit pension scheme Actuary were obtained.
- We have reviewed the treatment of the liabilities arising and the disclosures in the Financial Statements with no issues arising.
- We have reviewed the assumptions used by the actuary in calculating the pension scheme deficit.

Consideration has been given to all such material estimates. Each accounting estimate was found to be reasonable and in line with Kreston Reeves expectations.

- **Regularity and compliance with managing public money**

An additional report is included in the financial statements for the regularity of transactions in the year.

We have completed our work in respect of our regularity report which included testing a sample of expenditure to supporting documentation and ensuring that the appropriate procedures have been followed and documented. We also reviewed your governance arrangements to ensure compliance with those listed in the Academy Trust Handbook and Accounts Direction.

Each of the transactions tested was found to be in compliance with the delegated limits in the Academy Trust's Financial Regulations Policy and the public money received was spent for the purposes intended.

- **Consideration of laws and regulations and other information**

ISAs 250A and 720 require auditors to have due consideration of laws and regulations and other information in the financial statements, this includes the impact of any "showstoppers".

Our work in this area included:

- Consideration of the latest Ofsted inspection reports and their impact on the trust's going concern status
- Reviews of Trust Board and relevant Committee minutes for evidence of any issues of non-compliance
- A review of legal and professional fees incurred in the year to check for any non-compliance
- Consideration of compliance with the Academy Trust Handbook 2023. Trust's funding agreement and its governing documents
- Discussions with management and the Trust Board to ascertain if any actual or possible instance of non-compliance

An additional report is included in the financial statements for the regularity of transactions in the year.

During the audit, Kreston Reeves considered the existence, along with potential impact, of any showstoppers. Audit staff ensured the Academy Trust's compliance with its Funding Agreement, along with the Academies Trust Handbook throughout the audit testing. Enquiries were also made with Paula Bunnell regarding the safeguarding of pupils and the existence of any pending litigation. Through our enquiries, as well as our substantive testing, no breaches of key legal or regulatory obligations have been identified.

- **Management judgements**

In addition to the other matters above as identified in our audit plan, a management judgement in respect of lease arrangements emerged during the audit. During the year a new lease agreement was entered into with Societe Generale, the characteristics of the agreement included those of both operating leases and finance leases. This was discussed with Paula Bunnell and she confirmed that you have assessed that it is appropriate to be treated as an operating lease.

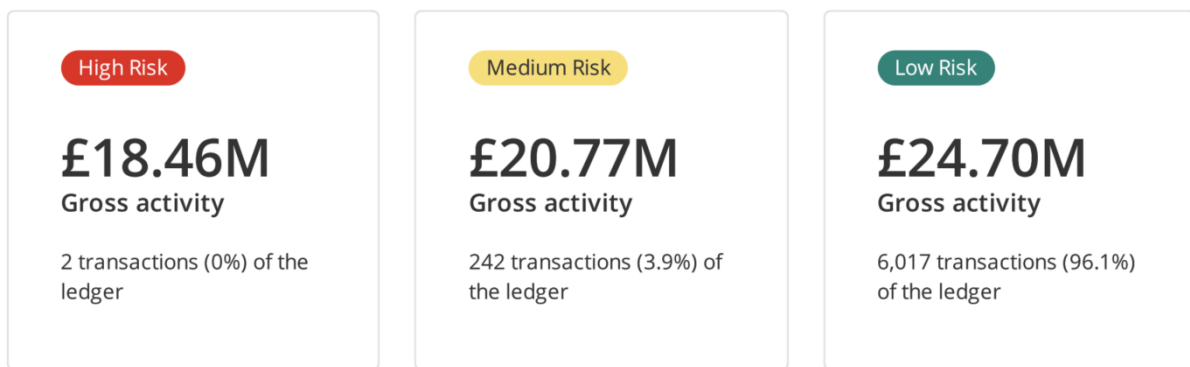
#### 4. Data analytics

As previously communicated, we have used data analytics software to support our audit. Data analytics compliments our traditional audit methodology with a comprehensive, risk risk-based approach which through the power of computer assisted techniques examines 100% of the data population.

This risk-based approach is driven by a number of control points and it is the weighting of these control points that determines the assessed risk of a transaction. As detailed in our Audit Plan, this is an area where management can have valuable input to identify potentially high-risk transactions. We have used our knowledge of the academy trust and the data analytics software to tailor the control points which has produced the following risk-based analysis.

##### Overview

The academy trust's dataset has been analysed into the following risk categories:



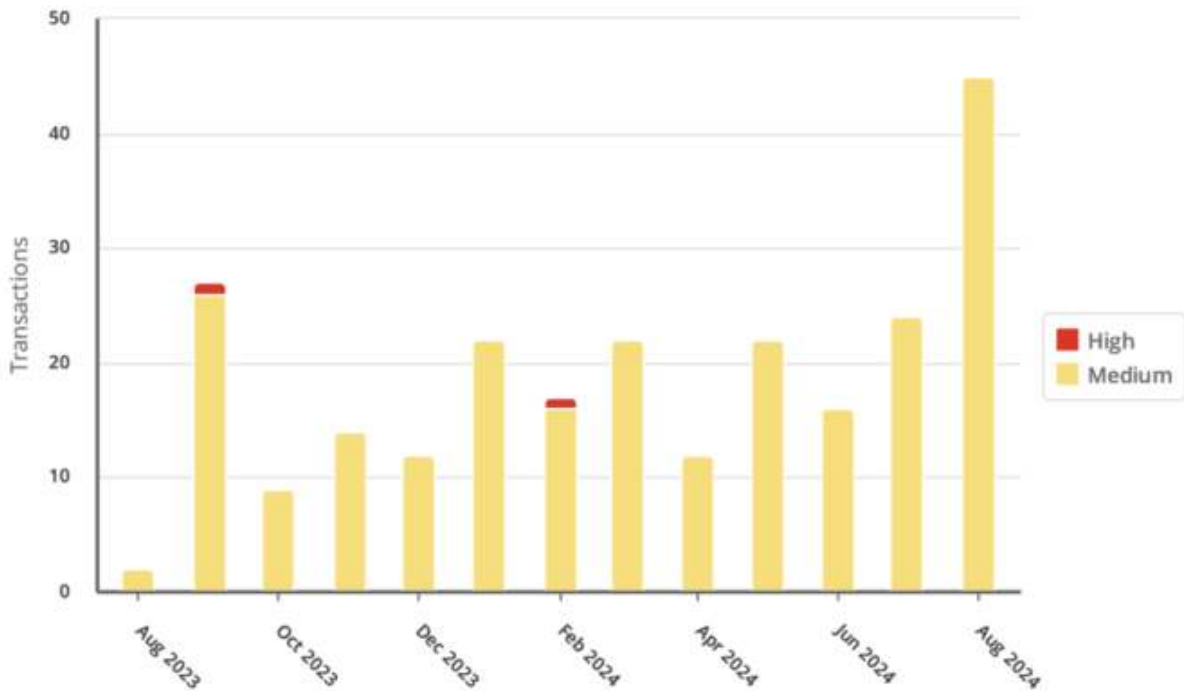
Based on the above we can see that MindBridge has categorised 2 transactions as high risk, 242 transactions as medium risk and the remaining 6,017 transactions as low risk.

High risk transactions account for £18.46M, with medium risk transactions accounting for £20.77M and the remainder of transactions assessed as low risk (96.1%). The total number of transactions during the year was 6,261 with a cumulative monetary value of £63.93M in the academy trust's dataset. This total includes the same transaction but in different forms, for expense, both a purchase invoice being processed plus the transaction when the invoice is paid, hence why this total seems so vast. The report does not net off debit and credit transactions and as such this is the total value of transactions combined.

The risk profile of individual transactions is determined by the number of control points it breaches with each control point being assigned a weighting when determining the overall risk score of a specific transaction.

Within our audit testing, we have then discussed all of the high risk transactions. Based on the procedures performed we were able to conclude that the sample selected did not indicate that there were any fraudulent transactions.

## Transaction review



The above graph shows the total number of transactions per month analysed by risk category. Based on the review below, the spread of transactions across the period is in line with expectations and doesn't suggest an indication of management override of controls. The high percentage of medium risk transactions at the end of the year is to be expected due to large movements and adjustments taking place at the year end to close down account.

The high-risk transactions identified included the posting of opening balances to the nominal ledger, this breaches the control points in the data analytics software due to the large balances that are being posted at once. The other high risk transaction included the correction of the posting of the ESFA February advance.

These transactions were reviewed and found to be reasonable and in line with our expectations of the company, given our understanding of the company's systems and how it operates.

For the avoidance of doubt, the use of Data Analytics software does not mean we have sampled and/or tested 100% of the transactions processed during the year.

### Summary

The analysis performed provides comfort to the Trustees in addition to our standard audit procedures performed, concluding that the transactions in our sample reviewed, appear to be genuine transactions in the normal course of action for the academy trust.

## 5. Taxation

As part of our audit we have considered the academy trust's exposure to taxation based upon the activities it undertakes and its various sources of income. We have concluded that the academy trust has no corporation tax liability for the year.

For more information on how these changes may impact upon the company please contact your usual Kreston Reeves adviser.

## **6. Misstatements encountered during the audit**

We are required to inform you of any significant misstatements within the financial statements presented for audit that have been discovered during the course of our audit. A number of such misstatements were discovered and following discussions with you and your staff the financial statements have been adjusted accordingly.

A full summary of adjustments made to the academy trust's results during the course of the audit, including a reconciliation between your management information and the financial statements, can be found within Appendix II.

You should review these adjustments in order to satisfy yourselves that they have been properly made. Confirmation that you have done so should be communicated to us within the letter of representation.

## **7. The accounting and internal control systems**

We can confirm that we have found the academy trust's accounting and internal control systems to be appropriate to the academy trust's needs based upon the nature and complexity of your activities and the need for any systems to be cost effective. No matters have come to our attention during our audit to suggest that any serious error has arisen with these systems during the accounting period under review. Thus, we believe that the systems can be relied upon to produce financial statements that show a true and fair view.

There are however some suggestions that we have made regarding the accounting and internal control systems, and these are set out in Appendix IV.

Please note that the purpose of the audit was to enable us to express an opinion on the financial statements. Our audit did include consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in such circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. The matters being reported to you are limited to those deficiencies that we have identified during our audit, which was conducted on a test basis, and that we have concluded are of sufficient importance to merit being reported to you, but this does not represent a comprehensive statement of all weaknesses which may exist in the accounting and internal control systems or of all improvements which may be made. We can only address those matters which have come to our attention as a result of the audit procedures which we have performed.

## **8. Qualitative aspects of the academy trust's accounting practices and financial reporting**

As part of our audit we have considered and reviewed the academy trust's accounting policies with UK Generally Accepted Accounting Practice, including the Statement of Recommended Practice *Accounting and Reporting by Charities* ("the SORP") and the Accounts Direction 2023 to 2024 issued by the Education and Skills Funding Agency. We have not encountered any material departures. In our opinion the accounting policies are appropriate to the circumstances of the academy trust.

### Future accounting changes

FRS 102 is subject to a periodic review at least every five years, and the latest periodic review was completed in March 2024. The FRC has published amendments to FRS 102, which details a number of changes and amendments focused on updating accounting requirements to reflect changes in International Financial Reporting Standards ('IFRS'), particularly with respect to revenue and leases.

The key changes are:

- A new Section 23 *Revenue*, based on IFRS 15 *Revenue from Contracts with Customers* and its five-step model for revenue recognition
- A new Section 20 *Leases*, based on IFRS 16 *Leases* which brings most leases onto the balance sheet
- Greater clarity for small entities in the UK applying Section 1A regarding which disclosures need to be provided in order to give a true and fair view

The effective date of these changes is for accounting periods beginning on or after 1 January 2026, with early adoption permissible.

These amendments represent significant change, and they will need to be considered in advance of their application. We will be happy to discuss with you, the potential impact on your financial statements.

### 9. Review of prior year issues

A number of small issues were reported to you following our audit last year on your financial statements for the year ended 31 August 2023. As part of our audit this year we have reviewed these matters to determine what progress has been made with them and whether they continue to be matters of significance.

	Nature of problem	2024 follow up	Resolved/Progress made/Outstanding
Low Risk	<b><u>Unsigned employee contracts</u></b> During our testing in the prior year, it was discovered that there were unsigned employment contracts.	This has been resolved in the year.	Resolved
Low risk	<b><u>Creditors treated as reconciling items on the bank reconciliation</u></b> During our testing in the prior year, it was discovered that year end creditor balances such as pension contributions and social security had been included as reconciling items on the bank reconciliation rather than as a liability.	This continued to happen at 31 <sup>st</sup> August 2024	Outstanding

## 10. Other matters relevant to the audit

### Academy Trust Handbook 2024

The ESFA published the Academy Trust Handbook (ATH) 2024 in August 2024. The 2024 edition of the ATH is effective from 1 September 2024.

In a letter to accounting officers on 31 July 2024, the ESFA explained that changes in this year's edition have deliberately been limited to offer a period of greater stability.

However, there are a number of areas of change to draw to your attention:

- Finance Leases – approval requirements
- Internal scrutiny – options clarified for larger trusts and qualifications for trustees and peer reviewers
- Electric Vehicle Salary Sacrifice (EVSS) Schemes – clarifying the position around when trusts must approach the ESFA
- Digital and technology standards – a reminder of importance and actions required for cyber security
- Estates management – Extension of list of circumstances in which a notice to improve may be issued
- Reserves policy – emphasis on a clear plan for managing reserves

#### *Finance Leases*

From 1 September 2024 Trusts will be able to take out finance leases, without approaching the ESFA for prior approval, where the asset type they are leasing appears on the Department for Education's (DfE's) [approved list](#). The ESFA have explained the importance for Trusts to have appropriate flexibility to manage spending decisions locally, and this new freedom should help Trusts manage their assets effectively

#### *Internal scrutiny*

The ESFA are clear that Trusts **must** deliver internal scrutiny in the way that is most appropriate for their circumstances.

The key change here is that Trusts with an annual revenue income over £50 million **should** (and from 1 September 2025 **must**) deliver internal scrutiny using any combination of the following:

- an in-house internal auditor
- a bought-in internal audit service

Additionally, the ESFA have clarified the qualifications and experience required by those carrying the programme of internal scrutiny:

- auditors should be members of a relevant professional body
- trustees and peer reviewers performing the work should have appropriate qualifications and/or experience relevant to the area being reviewed.

Trusts **should** work towards this position where it is not already the case.

### *Electric Vehicle Salary Sacrifice (EVSS) Schemes*

From the 1 September 2024 Trusts **must** approach the ESFA to seek approval for the following transactions:

- entering into a new electric vehicle salary sacrifice scheme 26
- accepting any further employees onto an existing electric vehicle salary sacrifice scheme.

Trusts **must** contact ESFA early in the planning stage, both in relation to new schemes and accepting further employees onto existing schemes.

### *Digital and technology standards*

A reminder from the ESFA that Trusts **should** refer to the DfE's digital and technology standards, which were developed to support trusts in making more informed decisions about technology

Academy trusts **must** also be aware of the risk of cybercrime, put in place proportionate controls and take appropriate action where a cyber security incident has occurred. Trusts should take appropriate action to meet [DfE's cyber security standards](#), which were developed to help them improve their resilience against cyber-attacks.

### *Estates Management*

Where DfE or ESFA has concerns about financial management or governance in an academy trust, the department may issue, and publish, a Notice to Improve (Ntl).

This has now been expanded to include where trustees and the executive failing to manage their school estate and maintain it in a safe working condition strategically and effectively.

### *Reserves policy*

A further emphasis from the ESFA that the board of trustees **must** set a policy for holding reserves, and explain it in its annual report, including a clear plan for managing reserves. The ESFA have provided good practice guide for Academy Trust Reserves [here](#).

### **What does a Labour Government mean for Academy Trusts**

At this stage, much of the detail of its legislative agenda has yet to be published – we can expect a series of consultations before legislation follows – Academy Trusts should take note of the Government's manifesto pledges and scenario plan accordingly.

### *Inspection of MATs*

The Labour Party has promised in its manifesto to “bring multi-academy trusts into the inspection system”. No further detail has been provided, and it did not appear in the Kings' Speech. It is something long advocated by OFSTED with its previous chief inspector saying inspection is “inevitable”.

OFSTED has previously done summary evaluations of trusts, inspecting groups of schools, but has not inspected back-office functions of the trusts directly.

Whilst it is impossible to put a timeframe on any changes to inspections, it should be on MATs radars.

### *VAT added to independent school fees*

Whilst there is no direct impact anticipated for Academy Trusts, there could be a drop off in pupils attending independent schools especially at the key entry points of years 3 and 7. Trusts may see an increase in new pupil applications.

The Department for Education has released data on schools, pupils and their characteristics to assist with scenario planning in this area. This can be accessed [here](#). Trusts are able to filter the data by local area to review any potential shifts in demand and consider their capacity.

Another consideration could be that smaller independent schools may look for the support from larger multi academy trusts to take advantage of benefits such as economies of scale. One of the largest multi academy Trust's in the country, United Learning Trust, is a part of a group of schools including 13 independent schools.

### *Qualification of teachers*

The promise is to ensure any new teacher entering the classroom “has, or is working towards”, qualified teacher status. Trusts may want to review their existing staffing structures to gauge how much impact this could have and consider the impacts on future staff costs as a result.

### *Ofsted reforms*

Promised within the manifesto regarding Ofsted was a change in a single grade to a report card system. Reported in Schools week is what the school cards could look like and what the metrics could include.

The details of these changes are yet to be released, however trust's should be aware of these potential changes.

Further changes that we can expect include:

- National curriculum. The Labour Party has long been committed to making all schools – including Academy Trusts and free schools – follow the national curriculum. Whilst not addressed in the Kings' Speech, it was a manifesto promise and can be expected at some point.
- Breakfast clubs. Again, a Labour manifesto promise to provide free breakfast clubs in every primary school.
- Branded school uniforms. The Labour government has promised to cap the number of branded school uniform items to just three.

These are just a few potential changes that may impact Academy Trusts. The key message is to consider potential impacts and stay alert for any further detail as it becomes available.

## Cyber security

The DfE has warned that schools are ‘critically dependent on technology and online services to function’. It added ransomware is the biggest cyber-related threat to our society, with an increase of attacks on schools in recent years.

The department for Science, Innovation and Technology (DSIT) ran a cyber security breaches survey in 2024 focussing on education institutions. Alarmingly it noted that 71% of secondary schools identified a breach or an attack within the last year with the same being true for 52% of primary schools.

It noted that Primary and secondary schools have less awareness this year of government guidance like the National Cyber Security Centre’s (NCSC) 10 Steps to Cyber Security and Board Toolkit, certification schemes like Cyber Essentials, and communications campaigns like Cyber Aware. Awareness of these initiatives is much more widespread in further education colleges and higher education institutions.

Further details can be found [here](#) on the full survey.

NCSC published guidance includes the following steps:

- patching systems
- improving access controls and enabling multi-factor authentication
- implementing an effective incident response plan
- checking that backup and restore mechanisms are working
- ensuring that online defences are working as expected
- keeping up to date with the latest threat and mitigation information

They also have produced free cyber security training to raise awareness and help school staff manage some of the key cyber threats facing schools which you can find [here](#)

Organisations are strongly urged to read:

- the Cybersecurity & Infrastructure Security Agency (CISA) advisory note
- Microsoft’s blog on recently deployed malware in the Ukrainian government cyber attacks
- NCSC’s actions to take when the cyber threat is heightened

As cybercrime continues to rise with attacks becoming more sophisticated, we recommend that academy trusts keep up to date with current types of cyber-attack by reading all guidance in this area and considering the advice and tips offered.

## **Appendix I – Other matters required by International Standards on Auditing to be communicated to you**

### *Audit report – further information*

Our audit report contains details of the scope of the audit of the financial statements conducted in accordance with legislative requirements and International Standards on Auditing. Further information on the scope of the audit is set out on the website of the Financial Reporting Council and can be found using the following link:

<https://www.frc.org.uk/Our-Work/Audit-and-Actuarial-Regulation/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>

The original audit report will be signed by Peter Manser, being the Senior Statutory Auditor for this assignment, for and on behalf of Kreston Reeves LLP. The financial statements incorporating the original audit report should be retained with the academy trust's other permanent documents. Copies of the financial statements that require a signed audit report, including for filing with Companies House and the Education and Skills Funding Agency, will be signed as Kreston Reeves LLP as the statutory auditor.

Our audit report has been drafted in accordance with International Standards on Auditing and the latest guidance from the Financial Reporting Council and our Institute. This involves the inclusion of a paragraph which clarifies what our responsibilities as auditors are. It does not affect our responsibilities to the academy trust or yourselves, nor does it mean we would be unwilling to accept responsibility to any third parties, providing that our specific agreement to do so is obtained beforehand.

### *Independence*

We can confirm that we have re-evaluated our firm's independence in connection with the audit and can confirm that we are not aware of any factors affecting our independence or objectivity and thus our ability to continue to act as auditor of the academy trust.

### *Letters of representation*

Before we can complete our audit we require from you a letter of representation on your headed notepaper. A draft version of such a letter accompanies this Memorandum. The letter will provide us with additional evidence in areas where we have relied upon representations from staff members during the audit. We suggest that this letter is signed by a representative member of the Board of **Trustees** and that you make your own enquiries of staff to verify that you support the representations that have been made.

In addition, we also require a letter of representation from the Principal of the academy trust in their role as Accounting Officer in support of our report on Regularity. Again, a draft of this letter accompanies this Memorandum and we would suggest that they undertake whatever enquiries and procedures they consider necessary to be able to make these representations to us.

### *Liability*

This report has been drafted solely to report to you as trustees matters in relation to our audit. It has not been drafted with any third parties in mind and thus must not be disclosed to a third party, or quoted or referred to, without our written consent except where you are required to do so by statute. We do not accept responsibility to any third party in respect of our audit, the audit and assurance reports we have issued, or this report.

## Appendix II - Summary of adjusted misstatements

For further details of the significant adjustments that have been made to the financial statements during the audit see Section 6.

	Debit	Credit	Impact on results
	£	£	£
<b>Net incoming resources as per draft financial results</b>			<b>- 887,802</b>
Accrued income	210,685		
DfE Cap Grnts-Condition Improvement Fund		210,685	
<b><i>To account for CIF income to be accrued</i></b>			<b>210,685</b>
F/hold property-additions	51,180		
Motor vehicles-additions	527		
F & ftngs-additions	24,395		
Off equip-additions	3,055		
Computer equipment-additions	61,222		
R&M-Building Repair and Maintenance		527	
Other Prem-Rev exp from cap funding		51,180	
Other Prem-Rev exp from cap funding		6,875	
Educ Supps-Curriculum Materials		186	
Educ Supps-Education Equip-nt IT		2,870	
Educ Supps-Education Equip-nt IT		735	
Tech Costs-Edu IT Equip		13,800	
ICT Other		10,872	
IT & Equipment Capital Acquisition		35,814	
Furniture and Equipment Cap Acquisition		17,520	
<b><i>Posting additions</i></b>			<b>140,379</b>
Other Prem-Rev exp from cap funding		2,284,828	
AUC-additions	2,284,828		
<b><i>Posting of Assets Under Construction</i></b>			<b>2,284,828</b>
F/hold B'dings-Depn b/f		2,559	
Furn & Equip-Depn b/f		5,490	
Comp Equip-Depn b/f		20,407	
Motor Veh-Depn b/f		105	
Asset Fin-Depn-direct costs-oth assets	2,559		
Furniture & Equipment Depreciation	5,490		
Motor Vehicles Depreciation	105		
IT Equipment Depreciation	20,407		
<b><i>Posting of depreciation charges for additions in the year</i></b>			<b>-28,561</b>

F/hold B'dings-Depn b/f		25,020	
Furn & Equip-Cost b/f		177	
Comp Equip-Depn b/f		2,904	
Asset Fin-Depn-direct costs-oth assets	25,020		
Furniture & Equipment Depreciation	177		
IT Equipment Depreciation	2,904		
<b>To post August depreciation</b>			-28,101
F/hold property-additions	187,387		
Other Prem-Reve exp from cap funding		187,387	
F/hold property-depn charge		7,495	
Assets Fin-Depn-direct-costs-oth assets	7,495		179,892
<b>To recognise fence addition</b>			
<i>Current service cost</i>	113,000		
<i>Net interest costs</i>		5,000	
<i>Administrative expenses</i>	3,000		
<i>Employer contributions</i>		153,000	
<i>Actuarial loss</i>	111,000		
<i>Experience gain on defined benefit obligation</i>		16,000	
<i>Return on plan assets</i>		70,000	
<i>Restrict asset to nil</i>	17,000		
<b>LGPS pension adjustment</b>			42,000
<i>Restricted funds - voluntary funds</i>		17,291	
<i>Extra curricular activity income</i>	17,291		
<b>Reverse journal SRGJ 2588 to correct 2023 error in deferred income as it results in income being recognised twice</b>			-17,291
<b>Net movement in funds as presented on 2nd December</b>			1,896,029
Assets under construction transfer of class		1,065,225	
Freehold property transfer of class	1,065,225		
Freehold property depreciation		10,652	
Charge for year	10,652		
<b>Transfer completed Astro and depreciation charge</b>			-10,652
Deferred income	445,822		
Non government capital grants		445,822	
<b>Reversal of deferral of S106 funding</b>			445,822
Accrued income	700,790		
Non government capital grants		700,790	
<b>Accrue remaining S106 funding</b>			700,790
<b>Net movement in funds as per revised financial statements</b>			<b>3,031,989</b>

## **Appendix III – Summary of recommendations regarding the accounting and internal control system**

In order to assist management in using this report, we categorise our recommendations according to their level of importance:

**High risk** Issues where there is a risk of significant financial impact on the trust that must be addressed immediately by the academy trust

**Medium risk** Issues where there is a risk of moderate financial impact on the trust, such as a control failure or the absence of a control in an area of moderate risk. These should be addressed soon.

**Low risk** Issues that relate to minor control deficiencies or enhancements in control efficiency. These should be addressed within an agreed timescale.

### **Section 106 funding not spent as intended**

#### *Nature of problem*

During our audit work it was brought to our attention that the instalment of £740,892 was used to fund the astro pitch in the year which is outside the intended use per the funding agreement.

#### *Potential consequences*

Without express documented approval there is a risk that the local authority could claw back the funding due to the miss use of funds.

#### *Recommendation for corrective action*

We recommend that all funding is used as intended and documented in the funding agreement, with any deviations formally approved and documented.

#### *Response from Board of Trustees*

The Trust decided to use these funds to support a capital project in advance of an ex-boarding asset. The funds will subsidise this capital project until the asset is sold, at which point the S106 funds will be repaid, this is a timing issue and the governors feel it presents an acceptable risk.

### **Creditors treated as reconciling items on the bank reconciliation**

#### *Nature of problem*

During our audit work we identified year end creditor balances such as pension contributions and social security had been included as reconciling items on the bank reconciliation rather than as a liability.

### *Potential consequences*

Incorrect treatment of liabilities as reconciling bank items results in creditors and current assets being understated in the financial statements.

### *Recommendation for corrective action*

We recommend that only uncleared bank transactions at the year end are treated as reconciling items.

### *Response from Board of Trustees*

This was an oversight and will be addressed going forward.

## **Delay in updating Companies House**

### *Nature of problem*

From review of Companies House filings in the year, it was noted that there was a delay in registering director appointments in the year on Companies House.

### *Potential consequences*

Delays in registering director appointments at Companies House results in the published information being out dated.

### *Recommendation for corrective action*

We recommend that any trustee/member/director changes are registered as appropriate with Companies House and Get information about schools within 14 days of appointment or resignation.

### *Response from Board of Trustees*

During this accounting period we were without a clerk for a 6-month period. We have now appointed, and all updates and amendments are processed within the required time frame.



### Brighton

Plus X Innovation Hub  
Lewes Road  
Brighton  
BN2 4GL

+44 (0)1273 811000

### Canterbury

37 St Margaret's Street  
Canterbury  
Kent  
CT1 2TU

+44 (0)1227 768231

### Chatham Maritime

Montague Place  
Quayside  
Chatham Maritime  
Chatham  
ME4 4QU

+44 (0)1634 899800

### Chichester

9 Donnington Park  
85 Birdham Road  
Chichester  
West Sussex  
PO20 7AJ

+44 (0)1243 787627

### Discovery Park

Innovation House  
Ramsgate Road  
Sandwich,  
Kent  
CT13 9ND

+44 (0)1304 249476

### Horsham

Springfield House  
Springfield Road  
Horsham  
West Sussex  
RH12 2RG

+44 (0)1403 253282

### London

2<sup>nd</sup> Floor  
168 Shoreditch High Street  
London  
E1 6RA

+44 (0)20 7382 1820

Website: [www.krestonreeves.com](http://www.krestonreeves.com)

Email: [enquiries@krestonreeves.com](mailto:enquiries@krestonreeves.com)

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