



St Anne's Catholic School

Audit Findings Report
For the year ended 31 August 2019

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Audit findings for St Anne's Catholic School for the year ended 31 August 2019

The Trustees
St Anne's Catholic School
Carlton Road
Southampton
Hampshire
SO15 2WZ

Audit findings for St Anne's Catholic School for the year ended 31 August 2019

Dear Trustees

In accordance with our normal practice we are writing to draw your attention to various matters which arose during the course of our audit of the accounts for the year ended 31 August 2019.

Internal Controls

The control environment at the Academy Trust was good and the key financial controls that we would have expected to see were in place.

Adjusted and unadjusted journals

The unadjusted journals determined during the course of our audit, (except for those considered to be clearly trivial) are summarised in section 4 of our audit findings report. There were no adjustments required to the management accounts other than the inclusion of the movement on the LGPS deficit.

Audit opinion

There are no expected modifications to the auditors' report on the financial statements or the report on regularity.

Improvements in the accounting and internal control systems

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

Section 1 of this report contains details of matters identified during the course of our audit and our recommendations for improvements. This may not contain all areas for improvement that are present in your system.

In making our recommendations, we have considered the size of the Academy Trust and the number of staff you employ. Responses from the School Business Manager are included in the final column.

Regularity

We have performed a limited assurance scope regularity review. The work performed is summarised in section 2. Matters arising from our report on regularity are set out in section 3 of this report.

Other relevant matters relating to the audit

We have discussed with you the fact that we provide additional services to the Academy Trust in addition to acting as auditors. We wish to confirm to you that in our opinion the provision of such services does not affect our independence as the additional services provided are of a routine compliance nature and the Accounting officer and Trustees take any decisions where judgement is required.


Other matters required by Auditing Standards to be communicated

There are no other matters that we are required by auditing standards to communicate to you.

We would like to take this opportunity of expressing our thanks to all of your staff for their assistance during the course of our audit, in particular Anne Murphy and Donna Shorter.

Please note that this report has been prepared for St Anne's Catholic School. It must not be disclosed, quoted or referred to third parties, other than the EFSA, without prior written consent. No responsibility is assumed by us to any other person.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'HWB', with a stylized flourish at the end.

HWB

Section 1: Management letter points arising from audit work

	Observation	Risk H/M/L	Reported last year?	Recommendation	Response	Action
1	Staff costs as a percentage of non-capital income are 80% in 2019 and 84% in 2018. This is higher than the 2018 median of 78% of other secondary schools that we act for in Hampshire.	H	Yes	Ensure all staff costs are closely monitored and have a plan in place to ensure the percentage of income that is spent on staffing does not increase.	In the auditors observation total staff costs are taken from the figures in the statutory accounts. These include cleaning staff and peripatetic music teachers which some other schools would not. If cleaning and peripatetic music staff costs and related income are excluded from the calculations the percentage would be 78.3% which is in line with benchmarking data we have for two other secondary schools in Southampton.	Continue to regularly monitor and review staff costs whilst continuing to deliver the high standard of education to the pupils.

Section 2: Regularity Assurance Review

In accordance with The Academies Accounts Direction (AAD), we have performed a limited assurance scope regularity review of the Academy Trust. The following work was undertaken:

- ❑ Planning of assurance procedures including identifying key risks;
- ❑ Substantive testing including analytical review;
- ❑ Concluding on procedures carried out.

Substantive testing included the following procedures:

- ❑ Confirming that activities conform to the Trust's framework of authorities;
- ❑ Considering the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- ❑ Evaluating the general control environment of the Trust;
- ❑ Testing a sample of transactions to consider whether the transaction is permissible within the Trust's framework of authorities;
- ❑ Confirming whether any extra-contractual payments have been made and whether appropriate authority was obtained;
- ❑ Reviewing documentation for evidence of borrowing and confirming if approval was obtained from ESFA;
- ❑ Confirming whether ESFA approval was obtained for any disposals of assets;
- ❑ Reviewing the internal control procedures relating to charge cards;
- ❑ Reviewing for any indication of purchases for personal use by staff or officers;
- ❑ Reviewing the list of suppliers to consider whether supplies are from related parties;
- ❑ Considering whether income generating activities are permissible within the Trust's charitable objects;
- ❑ Reviewing whether lettings to related parties are made at favourable rates.

Our work was undertaken in accordance with the guidance in the AAD and the ICAEW's technical release TECH08/12AAF

Section 3: Management Letter Points Arising from Our Work on Regularity

	Observation	Risk H/M/L	Reported last year?	Recommendation	Response	Action
1	Alcohol totalling £48 was purchased during the year.	L	N	Academies Accounts Directors (ADD) [Annex B 1.22] does not permit to be purchased from restricted or unrestricted reserves.	This was purchased from unrestricted reserves prior to the ADD being published in April 2019.	All staff have been made aware that no alcohol is to be purchased and any claims submitted containing alcohol will not (and have not been) paid.
2	Three related party transactions totalling £300 that took place after 1 April 2019 were not reported to the ESFA contrary to the Academies Financial Handbook (AFH) [3.10.4].	L	N	Ensure the AFH is followed by ensuring that all related party transactions are submitted to the ESFA prior to them taking place. Transactions in excess of £20,000 should have ESFA approval before entering into the transaction.	These were very minor and irregular and were therefore not reported to the ESFA	The requirements of the AFH will be clarified as to whether a de minimis applies. Once clarified with the ESFA the AFH will be complied with.

Section 4: Unadjusted Potential Journals

Schedule of unadjusted potential journals above audit triviality of £660

	Description	Nominal	Unadjusted Misstatement			
			SOFA		Balance Sheet	
			Dr	Cr	Dr	Cr
1						
	Increase in Spetisbury retention	Buildings – Additions	-	-	989	-
		Accruals	-	-	-	989
			-	-	989	989

Section 5: Adjustments made

	Unrestricted	Restricted	Restricted pension	Restricted fixed asset	Total
	£	£	£	£	£
1					
Surplus/(deficit) per draft trial balance	17,861	194,574	-	(165,747)	46,688
Adjustments:					
Correction of School Fund reserves	-	(102,886)	-	-	(102,886)
Movement in LGPS deficit	-	-	(724,000)	-	(724,000)
Transfers between funds	-	39,013	-	(39,013)	-
Net movement in funds	17,861	130,701	(724,000)	(204,760)	(780,198)

Section 6: Review of Internal Control Recommendations Raised in Prior Year

No.	Observation	Status	Cleared?
1	Staff costs are high in relation to non-capital income of 84% in 2018 and 80% in 2017. This is higher than the 2017 median of 77% of other secondary schools that we act for in Hampshire.	Staff costs have remained high in relation to non-capital income of 80% in 2019. The 2018 median for other secondary schools we act for in Hampshire was 78%.	No – see 1.1
2	The forecast reserves (excluding school fund) at 31 August 2019 are £14,813.	Actual carried forward reserves as at 31 August 2019 are £299,418. The School Forecast a surplus for the year (excluding school fund of £157,936) ended 31 August 2020 of £50,000. Reserves at 31 August 2020 are therefore forecast to be £349,418	Yes

Section 7: Review of Regularity Recommendations Raised in Prior Year

No.	Observation	Status	Cleared?
1	None		

Section 8: Going Concern

Trustees' assessment

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Trust has sufficient resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Work performed by HWB

- ❑ Review latest budgets to ascertain and check the key assumptions used to consider whether going concern has been correctly addressed.
- ❑ Enquire into whether there have been any material new commitments, borrowings or guarantees post year end.
- ❑ Enquire into whether there have been disposals or acquisition of material assets or any appropriation or destruction of assets.

Conclusion

The school has made a surplus for the year (excluding school fund) of £93,511.

It is projecting to make a surplus of £50,000 in the year ended 31 August 2020. Restricted and unrestricted reserves (excluding school fund) are forecast to be £349,418. This is a significant improvement on the forecast last year. However, the age of the school building means it is regularly in need of improvement. Should any major repair work be required to ensure the classrooms can remain open which is not supported by capital grant funding or donations then reserves will have to be used and this could therefore mean they are substantially reduced by any emergency building repair work required.

Section 9: Assignment Team Contact Details



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