


An aerial photograph of a dirt road intersection in a dense forest. A white car is parked at the intersection. The text 'Eastern Learning Alliance' is overlaid in green.


Eastern Learning Alliance


Audit findings report
for the year ended 31 August 2023





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Introduction

MHA present our audit report and management letter solely for the attention of Eastern Learning Alliance following our audit of the financial statements for the year ended 31 August 2023. 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 December 2023 together with the Academy financial statements. If matters arise whose significance is such that they should be brought to your attention sooner, we shall do as required by the ISA and outside these planned arrangements.

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 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.

The audit process and areas covered by the audit assignment



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 2023 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 2022 to 2023 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.

The audit process and areas covered by the audit assignment

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.

Amendments to financial statements and significant concerns

The key areas of audit focus which we have identified as part of our overall audit strategy are outlined in the table below:

Audit area and key risks	Considerations on approach
SIGNIFICANT RISKS	
<p>Future plans and Going Concern</p> <p>The Trustees will need to consider whether the Academy Trust will be a “going concern”, giving consideration to at least 12 months from the date of approval of the accounts (i.e. to 31 December 2024).</p> <p>Going concern is defined as being able to continue in ‘operational existence’ for at least 12 months from the date of signing the financial statements.</p> <p>As per Going concern – ISA 570 (Revised 2019), there is a requirement to document robust challenge of management’s assessment of going concern, including the obtaining evidence regarding, and to conclude on, whether a material uncertainty relating to going concern exists. We also need to perform a final consideration of all evidence obtained relating to going concern.</p> <p>As per the revised ISA 570, our standard audit report will provide a positive conclusion on the appropriateness of the going concern basis and whether material uncertainties exist.</p>	<p>We have reviewed the Academy Trust’s financial forecasts, including three year forecasts, to ensure the assumptions are reasonable.</p> <p>If a net deficit was identified, we will have reviewed and discussed your plans to mitigate this position.</p> <p>Due to the unprecedented situation regarding the Ukraine war and inflation rates, we have considered the impact that this could have on the organisation and your planned response (see separate risks below).</p> <p>We have described our work on going concern in greater detail within our audit report, and undertaken the “stand back” requirement for auditors at the end of the audit work.</p>
<p>Fraud in relation to revenue recognition</p> <p>This is a key audit matter as defined in ISA 701 and will be addressed specifically in our auditors’ report.</p> <p><u>Incoming resources:</u></p> <p>Auditing standards require us to presume that revenue recognition is a “significant audit risk”, unless this presumption is specifically rebutted</p>	<p>We have considered three aspects for each material income stream:</p> <ul style="list-style-type: none"> • Completeness (has all income been included in the accounts); • Recognition (this considers three criteria of; “probability” (e.g. more likely than not), “entitlement” and “measurement”); and • Fund accounting (are there restrictions on use and are these correctly recorded). <p>The “recognition” aspect draws upon three main criteria of “probability”, “entitlement”</p>

Amendments to financial statements and significant concerns

Audit area and key risks	Considerations on approach
<p>There is significant grant funding received by the Academy Trust in addition to General Annual Grant (GAG) funding including possible start up funding for new schools.</p>	<p>and "measurement".</p> <p>Other income has been recognised as restricted income where appropriate, and in accordance with Charities SORP FRS 102 and the funding agreement</p>
<p>Management override</p> <p>There is a risk of management override of controls of the Academy Trust.</p>	<p>We have designed and performed audit procedures to respond to the risk of management's override of controls which include:</p> <ul style="list-style-type: none"> • Understanding and evaluating the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements, and testing the appropriateness of a sample of such entries and adjustments; • Reviewing accounting estimates for biases that could result in material misstatement due to fraud; and • Obtaining an understanding of the business rationale of significant transactions that we become aware of that are outside the normal course of operations or that otherwise appear to be unusual given our understanding of the Academy Trust and its environment.
<p><u>OTHER KEY RISKS</u></p>	
<p>Expenditure – Existence and Allocation</p> <p>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.</p>	<p>We reviewed the allocation of expenditure between restricted and unrestricted funds, checking that expenses are correctly allocated and used for the purposes intended. We have tested expenditure to ensure costs were authorised in accordance with the Academy Trust's controls and procedures.</p>

Amendments to financial statements and significant concerns

Audit area and key risks	Considerations on approach
<p>Financial reporting</p> <p>There is a risk that the respective Trustees' Report and financial statements are not fully compliant with the Charities SORP FRS102 and the Academies Accounts Direction 2023, or are materially misstated through errors in their compilation.</p>	<p>We have reviewed the Trustees' and Strategic Reports for consistency with the financial statements and to ensure they comply with applicable regulatory (Academies Accounts Direction 2023) and SORP requirements.</p>
<p>Payroll - Accuracy, Existence and Completeness</p> <p>Salary costs are the largest item of expenditure of the Academy.</p>	<p>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.</p>
<p>Pension Scheme Liability or Asset - Valuation</p> <p>The FRS102 pension liability represents the Academy Trust's share of the deficit of the Local Government Pension Scheme, or conversely there may be an asset position at the year end. The amount recognised is an estimate, and is 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.</p>	<p>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.</p> <p>We checked the pension disclosures in the financial statements to ensure these reflected the assumptions used.</p>
<p>Regularity</p> <p>The ESFA have highlighted in the Academy Trust Handbook their Schedule of Requirements (the 'musts') that are an essential obligation for all Academies.</p>	<p>We have considered your answers to our questions and evidence relating to the 'must' requirements as part of our audit work.</p>
<p>Fixed Assets – Existence and Completeness</p>	<p>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</p>

Amendments to financial statements and significant concerns

Audit area and key risks	Considerations on approach
<p>The risk that assets are incorrectly included in the financial statements</p>	<p>comfort that the assets recorded in the fixed asset register are valid assets owned and used by the Academy Trust.</p>
<p>Creditors – Completeness and Valuation The risk that liabilities are incomplete</p>	<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>
<p>Allocation of costs between academies As a Multi-Academy Trust you are required to make certain disclosures as set out in the Academies Accounts Direction. These included matters to reflect in your Trustees' Annual Report, disclosure of General Annual Grant, funds attributable to each constituent Academy, and central services provided by the Trust.</p>	<p>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.</p>
<p>Changes in schools in a Trust In the year, there may have been transactions for a new SAT coming into the MAT, or a transfer out of a school from the MAT to another Trust, or the closure of a SAT.</p>	<p>We have reviewed the appropriate commercial transfer documentation, funding agreements, entitlement and calculations of monies transferred into the MAT or monies transferred out of the MAT when changes in schools have occurred in MATs, as well as the appropriate disclosures in the statutory accounts relating to these changes.</p> <p>We have carried out testing of new schools joining a MAT so there is an understanding of how well the current MAT systems and procedures are bedded in.</p>

Amendments to financial statements and significant concerns

Audit area and key risks	Considerations on approach
<p>Reporting Estates Safety and Management in your Financial Statements</p> <p>The content changes in the Academies Accounts Direction for 31 August 2023 include requirements to consider:</p> <p>Principal risks and uncertainties: impact of risks on trustees' responsibilities to ensure trust's estate is safe, well maintained and complies with relevant regulations;</p> <p>Value for money statement: demonstrate how have effectively used funding to ensure the Trust's estate is safe well maintained and complies with relevant regulations</p> <p>Accounting Officer Statement of Regularity: acknowledgement of responsibilities for estates safety and management, including notification of non-compliance with terms and conditions of funding including estates safety and management.</p>	<p>We have reviewed the status of RAAC reporting carried out by the Trust, together with any assessment of future costs and/or impacts on the Trust school(s).</p> <p>We have reviewed your Trustees' Report and financial statements to ensure the appropriate disclosure has been included in the 31 August 2023 accounts in line with the Academies Accounts Direction and events that have occurred to the date of signing the accounts.</p>
<p>Impact of the war in Ukraine</p> <p>As the situation in Ukraine continues to evolve, it is challenging at this juncture to predict the full extent and duration of the war, its aftermath, and the associated business and economic impact. Consequently, these circumstances may present the Academy Trust with challenges when preparing the financial statements.</p> <p>Given the unpredictability of the potential impact of the war, when trustees are assessing the Academy Trust's ability to continue as a going concern, they should take into consideration the existing and anticipated effects of the war on the Academy Trust's activities.</p>	<p>We have considered the Academy Trust's response to any guidance subsequently issued by the Charity SORP Committee, the ESFA or our own accountancy bodies.</p> <p>We have reviewed your Trustees' Report and financial statements to ensure the appropriate disclosure has been included in the 31 August 2023 accounts in line with the events that have occurred to the date of signing the accounts.</p> <p>As part of our going concern review, we will review the Academy Trust's financial forecasts, in particular energy costs, to ensure the assumptions are reasonable.</p>



Amendments to financial statements and significant concerns

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.

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 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:

- preparation of statutory financial statements from Academy trial balance;
- certification of the Teachers' Pension return;
- provision of general advice/VAT advice as required;
- preparation of corporation tax computation and CT600 return;



Amendments to financial statements and significant concerns

- preparation of Academies Accounts Return;
- certification of Annex G for grant funding;

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

- 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 2023 into the required format. Any adjustments to the figures will be made following discussion and approval by the Academy. The process of preparation of the financial statements is reviewed by an MHA independent manager prior to completion; OR The preparation of the statutory financial statements from the Academy trial balance is carried out by a separate team with a separate manager.
- The completion of the TPA return does not affect our statutory audit work;
- 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.
- The completion of the taxation computation and other corporation tax compliance is carried out by a separate tax team.
- Assistance with preparation of the Accounts Return is a mechanical function derived from the statutory accounts and following discussion with the Academy Trust.
- Certification of Annex G does not affect our audit work.



Amendments to financial statements and significant concerns

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.

SIGNIFICANT CONCERNS

During the course of our audit and regularity assurance engagement for the year ended 31 August 2023 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 Chief Financial Officer. Recommendations for changes in procedures in order to address these areas have also been included.



Amendments to financial statements and significant concerns

REGULARITY OPINION

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

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, 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.

Regularity issues

Regularity issues and potential consequences	Significance and recommendations	Trustees' response	Timescale and responsibility for implementation
<p>Basic control principles – trade debtors, trade creditors and bank reconciliations</p> <p>During the year the Trust failed to comply with section 2.7 of the Academies Trust Handbook in respect of completing and documenting the review of monthly trade debtors, trade creditors and bank reconciliations.</p>	<p>We recommend that the Trust follows the prescribed framework per the Trusts financial handbook around preparation and review of these monthly reconciliations.</p>	<p>All reconciliations have taken place and accepted. Two months were not signed.</p>	<p>January 2024</p>
<p>Monitoring the budget – Management accounts</p> <p>During the year the Trust failed to comply with section 2.18 of the Academies Trust Handbook in respect of preparation of monthly management accounts. It was found that for one month these were not prepared.</p>	<p>Ensure that the management accounts are prepared each month, as they have been for the majority of months in the period.</p> <p>This management information is to be inclusive of a balance sheet, Income and expenditure account, variation to budget report and cashflow.</p>	<p>Only March's full management accounts were not circulated separately.</p> <p>The Trust board met in March and discussed February's reports, and again in May to April's reports.</p>	<p>The full management accounts pack will be produced and circulated separately on a monthly bases.</p>

Internal control weaknesses

Weakness and potential consequences	Significance and recommendations	Trustees' response	Timescale and responsibility for implementation
<p>Fixed asset register (FAR) - adjustments to agree the splits between classes</p> <p>On review of the FAR, although found to work in totality, differences between the financial statements and the individual class are present.</p> <p>For a FAR to be effective it is essential that it agrees to the financial statements in totality and individually by class, this is to ensure that when any adjustments are made (Additions, disposals etc) they are recorded correctly.</p>	<p>We recommend that this is reviewed before the preparation of the next management accounts. Specifically looking at the agreement of each class of asset to the financial statements.</p>	<p>Agreed - this has not matched previously, a manual transfer has been made at each year end, this will be reflected within the accounts and FAR going forward.</p>	<p>January 2024</p>
<p>Receipt of late invoices</p> <p>It was found that post year end, on a few occasions, a purchase invoice relating to the year was received and was not correctly accounted for.</p> <p>This could lead to inappropriate recognition of expenses in the wrong period.</p>	<p>We recommend that a review of post year end invoices is completed to identify all invoices that were not recorded in the correct accounting period due to being receive late or potentially missed. These invoices should then be appropriately accrued into the correct period.</p>	<p>This is partly due to the early year end close down. We closed mid September, not all invoices have been received at this point. We make every possible effort to accrue for known expenses. If the amount is material the accounts are adjusted.</p>	<p>A post year transaction review will take place at the end of September 24 and again October for any material items 23/24</p>

Internal control weaknesses

Running of trade debtor and trade creditor reports at the year end

It was found that the reports available were for the 19/09/2023 and then a manual reconciliation was completed to agree the reports back to the financial statements.

This is a timely process for the Trust to manually reconcile each academy report back to the financial statements, of which can be avoided if ran on the year end.

We recommend that the reports are ran as of the year end date so they're in agreement with the accounts without any manual adjustments required.

Sage does not have the facility to run a report in retrospect. Unfortunately running at the 31st of August will mean any invoice posted between 31 August and close down will not then be included.

To run two separate reports is the only way to reconcile that we have found. It isn't too onerous.

N/A

Netting of balance sheet adjustments (Accruals/Deferred income & Prepayments/Accrued income)

It was found that for both areas identified, the two had been netted on the face of the balance sheet. This meant that the true gross value of the items could not be seen.

Accounting rules require all balance to be shown as gross, with no netting. Further to this with balances being netted it causes difficulty isolate where balance may need to be reversed.

We recommend that each balance is treated separately in a separate nominal code on the trial balance.

Agreed, two school trips were not separated out - we will do this in future.

January 2024

Internal control weaknesses

Purchase Order Process

For a sample of eight purchases tested in relation to ensuring a purchase order was raised. It was found on two occasions a purchase order was not completed for classroom expenses.

This could lead to unauthorized purchases being made or inappropriate receipt of items not ordered.

NB – A similar issue was found in the prior year.

We recommend that the system in place around purchase orders is followed and the procedure is not bypassed.

Where the system is not able to be followed formal approval is completed with the finance director documenting this deviation.

Only ordering items through the accounting system is highly encouraged, budget holders are trained in the correct way of ordering, occasionally it is not always possible. If this is the case we will ensure that the appropriate authority has been given and quotes have been received.

January 2024

Large company regulation - Payment Performance Reporting

It has been found in the year the Trust has not complied with the Payment Performance Reporting legislation required by all large companies.

Failure to follow this legislation could result in fines.

NB – A similar issue was found in the prior year.

We recommend that every 6 months this report is completed and published as required by the Companies Act 2006.

This has now been published.

December 2023

Audit findings in prior years

Issues and potential consequences reported in 2022	Status in current year	Trustees' response	Timescale and responsibility for implementation
<p>Regularity issue - Procurement – Tendering policy</p> <p>During the year, on two separate occasions the trust failed to comply with sections 2.7 & 2.28 of the Academies Financial Handbook. It was found that some tenders had been requested from suppliers in line with the Trusts "Financial Control Procedures" but an insufficient amount where attained, in comparison to the Trusts prescribed framework.</p>	<p>It was found that the tendering policy has been adhered to within the year.</p>	<p>N/A</p>	<p>N/A</p>
<p>Purchase Order Process</p> <p>For a sample of eight purchases tested in relation to ensuring a purchase order was raised. It was found on two occasions a purchase order was not completed for classroom expenses.</p> <p>This could lead to unauthorized purchases being made or inappropriate receipt of items not ordered.</p> <p>NB – A similar issue was found in the current year.</p>	<p>Same issue raised in current year.</p>	<p>See response in "internal control weakness" section of the report.</p>	<p>N/A</p>

Audit findings in prior years

<p>Accuracy of data entry into accounting system</p> <p>It has been found on one occasion that the VAT had been incorrectly recorded into the accounting system.</p> <p>This could lead to incorrect/inaccurate financial position stated in the accounts.</p>	<p>No such instances of this where found in the year.</p>	<p>N/A</p>	<p>N/A</p>
<p>Authorisation of expenses</p> <p>It has been found on one occasion that the relevant authorisation of an expense claim had not been followed.</p> <p>This could lead to inappropriate/prohibited expenditure to be reclaimed by an employee.</p>	<p>No such instances of this where found in the year.</p>	<p>N/A</p>	<p>N/A</p>
<p>Large company regulation - Payment Performance Reporting</p> <p>It has been found in the year the Trust has not complied with the Payment Performance Reporting legislation required by all large companies.</p> <p>Failure to follow this legislation could result in fines.</p> <p>NB – A similar issue was found in the current year.</p>	<p>Same issue raised in current year.</p>	<p>See response in “internal control weakness” section of the report.</p>	<p>N/A</p>

Audit findings in prior years

<p>Capitalisation policy</p> <p>It has been found that the capitalisation policy has not been followed. This is due to the policy deemed to be out of date and at an inappropriate level, due to the size of the trust.</p> <p>By not having a up to date and relevant policy it could lead to an inappropriate distinction between capital and revenue expenditure.</p>	<p>It has been seen in the year that the capitalisation policy has bene up to date and has been followed.</p>	<p>N/A</p>	<p>N/A</p>
<p>Unauthorised purchases</p> <p>It has been found that at the year-end c£30,000 of purchases were made without appropriate approval. Although these are being held on the balance sheet and are not being recognized as an expense, the issue arises that the purchase can be made without approval.</p> <p>This could lead to inappropriate/prohibited expenditure being made.</p>	<p>It has been found in the year that this balance is in relation to a goods received not invoiced control accounts.</p>	<p>N/A</p>	<p>N/A</p>

Audit findings in prior years

<p>Year end bank reconciliation</p> <p>It has been found, although only a trivial amount, that at year end the bank account does not reconcile directly to the nominal ledger.</p> <p>This is a fundamental element to accounting and could lead to unaccounted for transactions.</p>	<p>No such instances of this where found in the year.</p>	<p>N/A</p>	<p>N/A</p>
<p>Year end Creditor reconciliation</p> <p>It has been found, although only a trivial amount, that at year end the creditor reports do not reconcile directly to the nominal ledger.</p> <p>Due to the report being derived from the same system as the nominal ledger no difference should be seen and could indicate evaporate journaled entries to this area.</p>	<p>No such instances of this where found in the year.</p>	<p>N/A</p>	<p>N/A</p>
<p>Lettings income - Cut off</p> <p>It has been found that cut off considerations have not been done in relation to the letting's income stream.</p> <p>This could lead to an inappropriate amount of income being reported in the period.</p>	<p>No such instances of this where found in the year.</p>	<p>N/A</p>	<p>N/A</p>

Audit findings in prior years

Accounting procedure in relation to purchase invoices

It has been found on discussion that when invoices are being received, they are not recorded on the accounting system straight away. Currently they are being held off the accounting system until the relevant period they relate too.

This could lead to a material misstatement in creditors with invoices not being recorded with the appropriate date or could lead to omission of the cost in the accounts or late payment to supplier.

No such instances of this where found in the year.

N/A

N/A

ESFA Findings

It has been found that during the year the ESFA completed their own regularity audit of which they identified multiple points of attention. Due to the points identified not being in our scheme of work these had not been by ourselves.

If these points are not addressed it could lead to future regularity issues and notices.

No such instances of this where found in the year.

N/A

N/A

Conclusion

Your organisation is a highly valued client of our firm and we would like to thank you for entrusting us with your professional audit services.

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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