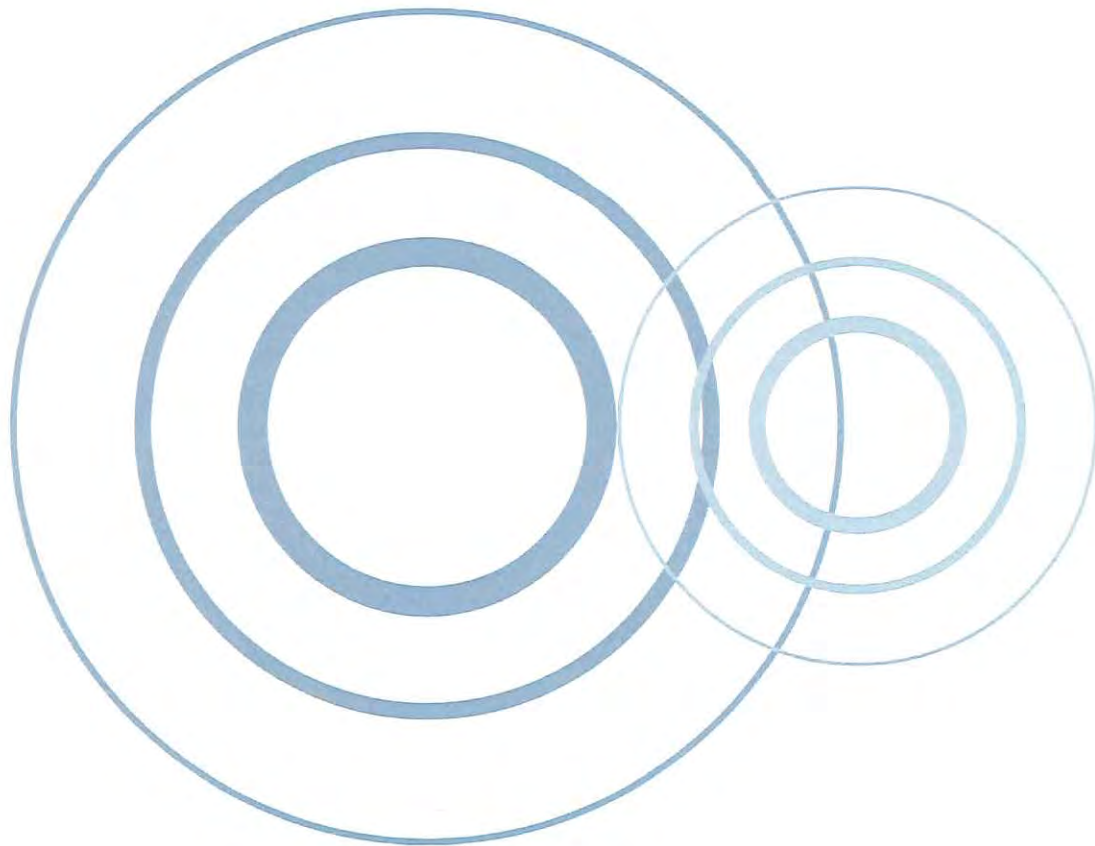


Hampton St Mary  
Academy Trust

**Post audit management report**

Year ended 31 August 2015



**Buzzacott**

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This report is for your private use only. It has been prepared on the understanding that it will not be disclosed to any third party, or quoted or referred to, without our prior written consent and we can therefore assume no responsibility to any other party.

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## Introduction

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### Purpose of the external audit

- Our work during the audit was performed with a view to expressing an opinion on the financial statements for the year ended 31 August 2015 and to issue a regularity opinion.
- Our audit work also included consideration of the internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- The matters being reported are limited to those that were identified during the audit and that we conclude are of sufficient importance to merit being reported to those charged with governance.
- We appreciate that you will already be aware of some of the matters contained in this letter. However, in accordance with the Education Funding Agency (EFA) requirements and International Standards on Auditing (UK and Ireland) (ISAs) we are communicating them to you formally.
- This report and its contents were submitted in draft form to Piers Winrow, Finance Manager, for comment prior to finalisation.

### Acknowledgments

We would like to take this opportunity to thank all those with whom we dealt during the audit for their assistance and co-operation, in particular Piers Winrow and Denise Parker.

### Auditor's and accountant's reports

#### Auditor's report on the financial statements

We intend to issue an unqualified opinion in our auditor's report. We expect to express our judgement that the financial statements give a true and fair view and have been properly prepared in accordance with the Academies' Accounts Direction 2014 to 2015 issued by the EFA, Companies Act 2006 and that the information in the governors' report is consistent with the financial statements.

#### Accountant's report on regularity

We intend to state that in the course of our work, nothing has come to our attention which suggests that in all material aspects the expenditure disbursed and income received during the year ended 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

## Audit progress and key audit issues

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The purpose of this report is to bring to the attention of the governors the findings from our recent financial statements and regularity audit of Hampton St Mary Academy Trust for the year ended 31 August 2015.

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|--|---|
| <b>Audit progress</b>                              | <p>As in previous years, we are pleased to report the audit, from our perspective, ran smoothly and that the timetable for the overall completion of the audit has been met.</p> <p>We have worked with management to ensure that the financial statements have been issued in line with the Academy's deadlines and that all disclosure requirements have been met.</p>  |
| <b>Results for the year and financial position</b> | <p>We have included at Appendix 1 to this report a comparison of the Academy's key financial ratios against the prior two years and an Academy sector average for 2014.</p>   |
| <b>Adjustments made during the audit</b>           | <p>Under Auditing Standards, we are required to provide you with details of any adjustments identified during the course of our audit work which have been made to the figures presented to us for audit.</p> <p>A list of the adjustments which have been made to the figures presented to us for audit are set out in Appendix 3. These have all been discussed and agreed with Piers Winrow.</p> <p>We will obtain written representations from you, as governors, that you concur with these adjustments.</p> |
| <b>Unadjusted misstatements</b>                    | <p>All misstatements identified during our audit for the period, have been adjusted.</p>  |

## Audit progress and key audit issues (continued)

### Recommendations arising from our audit

Our work during the audit included an examination of some of the Academy's transactions, procedures and controls with a view to expressing an opinion on the financial statements for the year ended 31 August 2015.

We found no significant deficiencies in the accounting and internal control systems during our audit.

### Other observations in respect of the regularity audit, the accounting system and financial reporting function

Our observations and recommendations as a result of our audit work are given in Appendix 2. Each comment has been given a priority rating ranging from A to C. 'A' indicates that, in our opinion, immediate action is required; conversely 'C' indicates that the matter, although important, does not warrant urgent attention.

The detailed observations and recommendations included in Appendix 2 relate to:

#### Regularity audit

- Authorisation of invoices; and
- Credit card expenditure

#### Financial statements audit

- Fixed asset register.

The matters have all been discussed with Piers Winrow.

## Accounting policies, estimates and disclosures

|  |   |
|--|---|
| <b>Accounting policies, accounting estimates and disclosures</b> | <p>The accounting policies used in preparing the financial statements are unchanged from the previous year.</p> <p>Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the Academy. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the Academy.</p>  |
| <b>Format of the financial statements</b>                        | <p>The financial statements follow the presentation required by the Education Funding Agency (EFA) in the Academies' Accounts Direction 2015. The Accounts Direction incorporates the requirements of the charity Statement of Recommended Practice (SORP 2005) issued by the Charity Commission.</p> <p>Key points introduced by the Accounts Direction 2015 are summarised in Appendix 6.</p>   |
| <b>Local Government and Teachers' Pension schemes</b>            | <p><b>Local Government Pension Scheme</b></p> <p>As in 2014, the financial statements for the year ended 31 August 2015 have, as required, complied in full with the UK accounting standard FRS17 – Retirement Benefits.</p> <p><b>Teachers' Pension Scheme</b></p> <p>The audit of the returns to Teachers' Pension (TP) for the school for the year ended 31 March 2015 has now been completed and submitted to TP in advance of the 30 September 2015 deadline. The financial statements have, as required, also complied in full with FRS 17.</p> <p>We have included further details of the above schemes in Appendix 4.</p> |

## Audit findings and risks

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### Audit risks and results



As part of our pre-audit planning process, we identified those areas where we believe there is a higher possibility that a material error may appear in the financial statements. In the table below we have provided a brief summary of the outcome of our audit work in relation to those higher risk areas.

| Key audit issues  | Conclusion   |
|---|--|
| <p><i>Recognition of income</i></p> <p>There is an inherent risk in all organisations of fraud in relation to revenue recognition. This includes misappropriation of income and cut off errors resulting in income being accounted for in the wrong period.</p> | <p>Detailed analytical review against expectations based on our understanding of the Academy and against the prior year and budget was carried out. Reasonable explanations were obtained from management and significant variances identified in the year have been substantiated.</p> <p>No issues arose during our sample testing including on EFA funding.</p> |

## Audit findings and risks (continued)

### Audit risks and results (continued)

| Key audit issues  |  | Conclusion   |
|---|--|--|
| <p><i>Related party transactions</i></p> <p>In all organisations, there is an inherent risk that transactions with related parties could be undertaken on terms that benefit those who control the entity at the expense of other stakeholders or the entity itself. For this reason, UK GAAP requires transparent disclosure of any significant transactions and balances arising between the Academy and its related parties.</p> <p>There is a risk that related party transactions may not be identified or disclosed adequately in the financial statements.</p> |  | <p>The Academy's procedures for identifying related parties and associated transactions were reviewed. This includes the requirement for each governor and senior management member to update their declaration of interests annually. Related parties identified have been provided by the Academy and have been disclosed in the financial statements.</p> <p>We have ensured that statements of assurance have been received for all related party transactions where relevant.</p> |



## Audit findings and risks (continued)

### Audit risks and results (continued)

| Key audit issues  |  | Conclusion   |
|---|--|--|
| <p><i>Regularity</i></p> <p>Regularity and the use of government funding continues to be a substantial focus of the EFA and NAO As with the prior year, the financial statements include a statement from the academy and an opinion from its auditor regarding regularity.</p> <p>Ensuring regularity within the Academy is the responsibility of the trustees/governors and all of the current focus on regularity in the Academy sector has only increased the level of responsibility for trustees/governors to monitor and document management of risk including risk of irregularity.</p> |  | <p>The regularity self-assessment was provided for audit, which was completed by the Academy's Finance Manager and reviewed by the Headteacher. The regularity self-assessment confirms the processes in place to ensure regularity, propriety and compliance within the Academy. In particular, the Academy's self-assessment confirms that:</p> <ul style="list-style-type: none"> <li>• Procedures are in place in connection with general procurement, use of credit cards and expenses;</li> <li>• Procedures are in place in order to ensure appropriate remuneration of payroll staff, agency staff and consultants; and</li> <li>• Procedures are in place to ensure that conflicts of interest and related party transactions are identified and disclosed in the financial statements were appropriate.</li> </ul> <p>The Academy has not informed us of any control weakness or irregularity in these areas.</p> <p>We have a number of matters to report following our audit work on regularity, these are detailed in appendix 2.</p> |

## Audit findings and risks (continued)

### Audit risks and results (continued)

| Key audit issues  |  | Conclusion  |
|---|--|---|
| <p><i>Accounting estimates</i></p> <p>There is a greater risk of misstatement in the financial statements where the value of items is estimated by management. The assumptions and methods chosen in making significant estimates for example, the useful lives of fixed assets for depreciation purposes, have a potentially material impact on the reported results and financial position of the Academy.</p>  |  | <p>Testing of depreciation was satisfactory with all items tested being depreciated in line with the accounting policy and the relevant accounting standards.</p>   |
| <p><i>Management override of controls</i></p> <p>There is an inherent risk in all organisations that management may be in a position to override any controls in place to manipulate results or conceal unauthorised or inappropriate transactions.</p> <p>In smaller organisations with fewer opportunities for formal segregation of duties and review activities, this risk is heightened. However, this risk is partly offset by the relative transparency of financial information and management and governor scrutiny.</p> |  | <p>Journal entries were reviewed, particularly those surrounding the year end and explanations were sought for any large or unusual items. All items tested and discussed with management during the course of the audit fieldwork were deemed to be appropriate.</p> <p>No suspense accounts were noted as being used during the year.</p> |

## Other information from our audit

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|--|--|
| <b>Follow up on previous year's post audit management report</b> | <p>As part of our audit work we have reviewed the post audit management report in relation to the financial statements for the year ended 31 August 2014.</p> <p>We wish to report that, although some progress has been made in respect of the observations noted last year, these matters have not yet been resolved and have therefore been repeated in Appendix 2.</p> |
| <b>Professional ethics</b>                                       | <p>In accordance with our profession's ethical guidance and further to our audit strategy to you dated 30 September 2015 there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.</p>   |
| <b>Letter of representation</b>                                  | <p>We also take this opportunity to enclose the final draft letter of representations which we will request management and the governors to approve and sign at the same time as the financial statements.</p>   |
| <b>Accounts Return</b>   | <p>The audit of the Accounts Return is scheduled for January 2016.</p>   |

## Other information from our audit (continued)

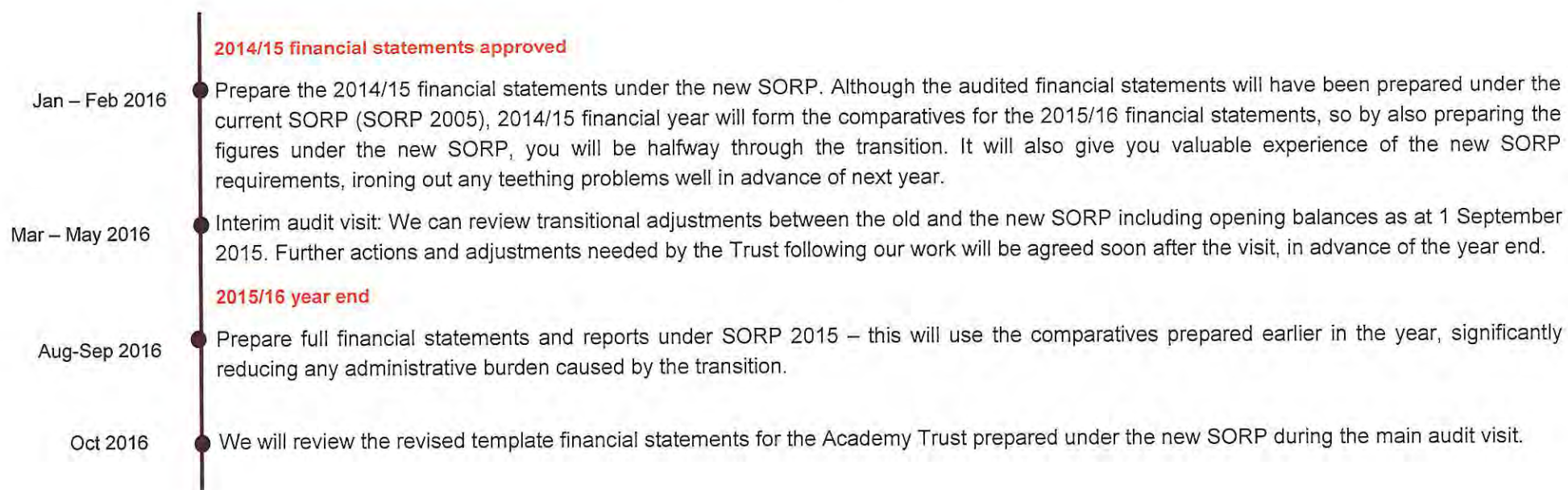
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### SORP 2015

SORP 2015 is effective for accounting periods commencing on or after 1 January 2015. It will apply to established trusts and new trusts incorporated before 31 December 2014 for the period ending **31 August 2016**.

Therefore transition will begin on 1 September 2014. For example, established academy trusts preparing their financial statements for the year ended 31 August 2016 will need to restate the comparative figures from their financial statements for the year ended 31 August 2015 and their opening balance sheet at 1 September 2014 to reflect any changes to accounting policies under SORP 2015.

We have included below a suggested timeline facilitating a smooth and timely transition to the new SORP:



## Other information from our audit (continued)

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The Academy Trust will need to make decisions around choices in accounting treatment offered by the new SORP including determining key management personnel, revaluation of fixed assets, etc. which we would discuss and agree at our interim audit visit. Further guidance issued by the EFA can be found here: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/456565/Guide\\_to\\_transition\\_to\\_FRS\\_102\\_and\\_SORP\\_2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/456565/Guide_to_transition_to_FRS_102_and_SORP_2015.pdf)

### Updates, Insights and Seminars

As part of our commitment to the charity and education sector, during the year the Charity Team issues occasional Updates and Insights on matters of relevance to the sector and also holds a number of seminars free of charge throughout the year. We would be delighted to welcome representatives of your Academy Trust to our seminars or to add trustees and management to our email distribution lists if this would be welcome.

If you have any queries relating to this report, please do not hesitate to get in touch.



Buzzacott LLP

Date: 21 December 2015

cc Education Funding Agency