BALDWINS

Private & Confidential
The Trustees
Barnwell Academy Trust
Whitefield Estate
Houghton le Spring
Sunderland
DH4 7RT

Our ref: BAR0512NER/Gf
Your ref:
Date: 13 December 2017

Dear Trustees

Report to management

During the course of our audit and regularity assurance engagement for the period ended 31 August 2017 a number of matters arose which we consider should be brought to your attention.

Accompanying this letter is a memorandum noting these points together with any recommendations we have for possible improvements which could be made.

These matters came to light during the course of our normal audit and assurance tests which 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 immediately.

This report has been prepared for the sole use of the trustees of Barnwell Academy Trust. We understand that you are required to provide a copy of this report to the Education and Skills Funding Agency. With the exception of this, no reports may be provided to third parties without our prior consent. Consent is, and 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 that we accept no duty or responsibility to any other party. No responsibilities are accepted by Baldwins Audit Services Limited towards any party acting or refraining from action as a result of this report.

We would be grateful if you could enter the academy's comments against each point under the "management response" column of the memorandum and return it to us in due course.

Finally, we would like to express our thanks to all members of the academy's staff who assisted us in carrying out our work.

Yours faithfully

Fitzgerald

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Significant matters relevant to our audit and regularity assurance engagements for the period ended 31 August 2017

Audit approach

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 company operates.

To summarise our approach, we:

- updated our understanding of the business 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 arise on most audits and are often derived from business risks that may result in a material misstatement, relate to unusual transactions that occur infrequently, or judgemental 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 proportionally less.

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 of uncorrected misstatements. In general, misstatements, including omissions, are considered to be material if, individually or in the 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.

There were no changes to our audit approach as previously communicated to you in our audit planning document.

Summary of significant audit findings

Significant risk area identified at planning	Findings, significance and recommendations	Management response / timetable for action
Revenue recognition	We are satisfied that income is appropriately recognised in the financial statements	Noted
Management override	Our audit work did not suggest any evidence of attempts by the management to override financial controls	Noted
Fund accounting	Your finance team provided appropriate information and all funds have been accounted for in accordance with accounting guidelines with no material errors noted	Noted
Litigation risk	Our audit work did not highlight any significant risks	Noted
LGPS liability	We reviewed the assumptions made by the actuary and made appropriate enquiries, no significant issues were noted	Noted
Compliance with laws and regulations	Our audit work did not highlight any significant risks	Noted
Connected party transactions	We did not note any issues regarding the disclosure of nor transactions with connected parties	Noted
Sustainability and going concern	The trust has provided appropriate explanations to suggest that the going concern basis is appropriate in the financial statements	Noted
Financial statement disclosures	We have reviewed the financial statements with the management team at the trust and are satisfied that all appropriate disclosures have been made and they comply with the relevant reporting frameworks	Noted

Internal controls

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of 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. Our audit is, therefore, not designed to identify all control weaknesses and the matters reported below are limited to those deficiencies that we have identified during the audit.

Control weakness identified and significance	**Potential implications and recommendations**	**Management response / timetable for action**
There were some examples of purchase requisition forms being raised and dated after the date on the purchase invoice (low risk)	Unauthorised purchases could be made if agreed procedures are not followed	CN – The Academy's senior management will continue to enforce through 2017/18 that no orders are made prior to a purchase requisition form being raised. Forward planning will be improved to ensure last minute or emergency purchases are minimised as much as possible.

Update on prior year's management letter points

Audit issues communicated in last year's management letter and our proposed approach to each of these areas, in light of developments in the period are outlined below:

Findings / recommendations	Status in current in year	Management response / timetable for action
Processes required by your Finance Handbook in respect of the approval of cheque payments and expense reimbursement are not always followed (low risk)	Controls have been improved in 2016/17 and the audit did not identify any examples of non-compliance	Noted
Your Finance Handbook does not highlight the processes and controls adopted for the provision of food/catering within the Daycare provision, whereby the raising of requisition forms is not always practical and significant monitoring of expenditure takes place (low risk)	The audit did not identify any examples of non-compliance in 2016/17	Noted
There were some very minor discrepancies between the amounts received/recorded and banked in respect of breakfast club and catering income (low risk)	New processes have now been put in place to avoid this	Noted
When reviewing the quoted obtained for the provision of goods and services, there was one instance where one of the three obtained written quotes could not be provided (low risk)	The audit did not identify any examples of non-compliance in 2016/17	Noted

Anticipated audit report

We anticipate that we will issue an unmodified audit report for period.

Regularity assurance engagement findings

We conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We anticipate that we will issue an unmodified regularity assurance report for the period.

Yours faithfully

Graham Fitzgerald
Director