

# Honeybourne First School Academy Report to the Trustees

For the year ended 31 August 2020



Contact: Ben Burch  
E: [ben.burch@randall-payne.co.uk](mailto:ben.burch@randall-payne.co.uk)  
W: [randall-payne.co.uk](http://randall-payne.co.uk)  
T: 01242 776000

## At a glance...

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The financial statements for Honeybourne First School Academy include an unqualified audit report and an unmodified regularity assurance report for the year ended 31 August 2020.



Our review of systems and controls highlighted two areas for improvement in the year. We have made our recommendations in section 7 of the report.



There were no unadjusted errors identified during our audit work.

All adjustments identified have been adjusted for as shown in section 5 of this report.



Adjustments were made during the audit process to correct discrepancies identified. A full reconciliation is found at section 5 of the report.

These adjustments are not considered to be of concern.



The risks identified during the audit are included within section 3 of the report.

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# 1. PURPOSE

## Report to the Board

This document covers the audit of the financial statements for Honeybourne First School Academy for the year ended 31 August 2020.



## 1.1 INTRODUCTION

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**The International Standards on Auditing (UK and Ireland) 260 require us to communicate significant matters arising from our audit to you.**

**In accordance with our normal practice we have prepared this report to summarise the principal matters that came to our attention during the course of the audit, which may include:**

- **Key accounting issues impacting on the financial statements**
- **Outstanding matters to complete the audit**
- **Our views on accounting systems and controls**

**Where an audit meeting is to take place, it can also be used as an agenda for the purposes of that meeting.**

## 1.2 AUDIT COMMUNICATIONS

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We explained our audit responsibilities and objectives, procedures and limitations in our letter of communications. This letter also explains our approach to reporting audit findings to management, taking account of your requirements as well as our professional responsibilities. This document discusses only the major issues arising from our audit.

## 1.3 ETHICAL STANDARDS

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We are required to, and have complied with, the new and revised Ethical Standards issued by the Financial Reporting Council (FRC) and all threats to our independence, as identified to you in our planning communication letter, have been properly addressed through appropriate safeguards.

Randall & Payne LLP has procedures in place to ensure that its partners and professional staff comply with both the FRC's Ethical Standards and the Code of Ethics adopted by the Institute of Chartered Accountants in England and Wales.

No additional facts or matters have arisen during the course of the audit that we wish to draw to your attention and we confirm that we are independent and able to express an objective opinion on the financial statements.

## 1.4 AUDIT SCOPE

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The scope of our work has already been communicated to you via our Audit Communications letter dated 15 October 2020.

Matters may come to light during the course of our normal audit tests which are designed to assist us in forming our opinion on the financial statements. Our tests may not necessarily detect 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 tests, we would, of course, inform you immediately.

We consider that the audit approach adopted will provide the Trustees with the required confidence that a thorough and robust audit has been carried out and can confirm that, at the date of this report, we anticipate no modifications to our audit report as noted in section 9 of the report.

This report has been prepared for the sole use of the Trustees of the Academy and must not be disclosed to any third party, or quoted or referred to, without our prior consent. No responsibilities are accepted by Randall & Payne LLP towards any party acting or refraining from action as a result of this report.



## 2. AUDIT PROCESS



## 2.0 AUDIT PROCESS

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During the audit process, there are three main sections:  
Audit planning    Audit fieldwork    Audit completion

The audit staff involved in the audit process were as follows:

Ryan Moore	Responsible Individual/Audit Director
Ben Burch	Audit Manager
Ffion Williams	Audit Assistant

## 2.1 YEAR END MEETING AND ACCOUNTS PICKUP

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We attended site on 29 September to pick up the accounts information and to discuss the activities during the year and plans for the 2020 audit work. We were in contact throughout the year on various matters including budgets, funding and systems, and as such this meeting is more of a catch-up rather than detailed assessment of activities and events. We encourage the academy to discuss activities with us through the year so that we are up to date with events at the time of the audit.

## 2.2 ACCOUNTS PREPARATION

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The information was then brought back to Randall & Payne's offices to be prepared ensuring ethical requirements are met. These were then reviewed ready for the audit planning.

## 2.3 AUDIT PLANNING

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Audit planning commenced once the accounts were prepared and available for review. Using the information obtained from the prior meeting and known activities within the academy, a plan for how the audit is to be undertaken was established. Audit planning was then reviewed by Ryan, and an audit planning meeting took place between the team to share knowledge and to discuss and assess audit roles and to plan how to approach the assignment.

## 2.4 AUDIT FIELDWORK AND COMPLETION

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Ffion was then on-site on 19-20 October 2020, with Ben auditing remotely due to Covid-19 self-isolation. During this time, the finance team within the Trust were readily available to assist us in accessing and finding documents and responding to queries.

Audit completion involves pulling together the findings from the audit fieldwork and concluding on the audit overall. Work is undertaken in order to communicate with the academy and ensure our overall opinion on the financial statements are reasonable. This work is undertaken in Randall & Payne's offices following completion of the fieldwork and accounts preparation.

Following the preparation of the audit completion, Ryan reviewed the file, ready for the accounts and Reports to Trustees to be distributed prior to a meeting whereby they are then approved and signed.

# 3. AUDIT RISKS IDENTIFIED AT PLANNING STAGE



Areas that we identified during the audit planning stage as being a significant audit risk area, in respect of the financial statements and the audit process, are detailed below.

<i>Revenue recognition</i>			
 Key area of audit focus	 Our approach	 Findings	 Conclusion
<p>An inherent risk in the academy is the recognition of revenue and ensuring that cut-off is appropriately treated.</p> <p>With the teaching period in-active over the summer period, the risk is reduced of misstatement, as there is a larger window of reduced operation. However, it is still key to ensure that any other income is appropriately recorded in the accounts.</p> <p>With some grants being approved in the year but payments falling across a different year end, it is important that any income due is accrued for accordingly.</p>	<p>Obtain external confirmations of the amount of grant expected to be received and assess the source documentation upon which this is based (e.g. census for Pupil Led Funding and capital bids for any CIF funds). Ensure that amounts received in the bank agree to payment schedules or income is accrued for accordingly.</p> <p>For other income (i.e. trip income, pre-school, lettings), ensure that any initial documentation triggering the sale (i.e. booking form, trip letters, attendance records) agrees to the invoices being raised and monies received.</p>	<p>Audit adjustments were made in respect of grant income, both accrued and deferred to ensure that grants were recognised in the correct periods.</p> <p>Reallocations of grant income were made to correctly classify them as ESFA, Local Authority or other.</p> <p>Other income appears to have been appropriately recognised in the accounts, with debtors appearing recoverable, therefore giving satisfaction that the income is free from material misstatement.</p>	<p>Following the audit adjustments made, income appears to be appropriately presented in the accounts.</p>

<i>Management override</i>			
 Key area of audit focus	 Our approach	 Findings	 Conclusion
<p>Despite there being controls and systems in place, there is always the potential for management and key employees to be able to override the prescribed processes and alter the accounts in a material or fraudulent manner.</p>	<p>A review of the systems and controls was undertaken to ensure that these were sufficient. A walkthrough test on each area was also carried out to ensure that systems were being followed.</p> <p>Journal adjustments through the system were also reviewed.</p> <p>Key accounting estimates will be reviewed for bias in comparison to sector- and academy-specific items.</p> <p>We will consider whether any of the transactions reviewed at any point of the audit are significant or unusual or outside of the academy’s normal course of business.</p>	<p>Review of systems and controls did not highlight any significant errors or issues further to our Interim Systems Review. This has been reviewed further in section 7.</p> <p>Estimates and accounting policies used in the accounts appear reasonable and in line with expectations as well as allowable under the Accounts Direction.</p> <p>No unexpected unusual transactions were identified as part of the audit.</p> <p>Our testing confirmed that the academy is giving due consideration to segregation of duties, thereby reducing the risk of management override impacting its operation.</p> <p>It is noted that following recommendations made in the prior period, journal transactions are now being approved on a “whole-month” basis, which is considered to be a good control.</p>	<p>The financial systems and financial statements appear to be free from undue influence arising from management override.</p>

<i>Related party transactions</i>			
 Key area of audit focus	 Our approach	 Findings	 Conclusion
<p>With the growing publicity that academies are receiving, it is important to ensure that related party transactions are disclosed accordingly in the accounts.</p> <p>For those over the de minimis of £2,500, it is then important to ensure that the transaction has occurred at cost for the supplier and is disclosed as such.</p>	<p>Review the declarations of interest and ensure that any transactions identified have been appropriately approved and disclosed in the accounts.</p> <p>Perform searches on the trustees to identify any other entities that the academy may have transacted with.</p> <p>Ensure disclosures with related parties are appropriately disclosed and in accordance with the Accounts Direction.</p>	<p>The only transactions identified that required disclosure in the accounts were those with the staff trustees that receive remuneration in accordance with their employment contract rather than their role as governor. Expenses claimed by these employees are also appropriately disclosed in the accounts.</p> <p>There were no other transactions identified that appeared to be between related parties.</p> <p>Disclosure was made in the period in respect of relatives of trustees employed by the academy in accordance with the AAD.</p>	<p>Related party transactions appear to have been appropriately disclosed and appear reasonable in the accounts.</p>

<i>Going concern</i>			
 Key area of audit focus	 Our approach	 Findings	 Conclusion
<p>With ever-reducing income and increased expenditure through pension commitments and other staff costs, budgets are tightening and reserves held are being affected.</p> <p>This risk has an effect on the way in which the accounts are prepared and any opinions on the future of the academy, and as such is a key area of focus.</p>	<p>Discuss the activities of the academy in the current year and how future plans with effect the financial results going forward.</p> <p>Review budgets and forecasts submitted to the ESFA during the year and assess the basis upon which they have been prepared.</p> <p>Stress test budgets to assess financial viability of the academy in the event of unexpected cost rises or revenue reductions.</p>	<p>The academy is working hard as a whole to ensure that cashflows across the school are sufficient to maintain the ongoing operation.</p> <p>The finance team, overseen by the trustees, are working hard to try and ensure that cost savings are achieved.</p> <p>Future budgets will be more strongly supported by the increase in pupil numbers and small forecasts are budgeted.</p> <p>Given the current financial position and future financial forecasts, we consider the trustees’ assessment of the entity as a going concern for the 12 months from the signing of the financial statements to be appropriate.</p>	<p>We consider the academy able to continue as a going concern for the 12 months from the signing of the financial statements.</p>

# 4. AUDIT TESTING



## 4.0 AUDIT TESTING

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During our audit testing, we split the accounts into defined sections, and undertake various tests on each section accordingly.

An overview of our testing is as follows.

### 4.1 FIXED ASSETS

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Audit work done on fixed assets is to ensure that they are complete, valued appropriately, physically exist and are the ownership of the academy.

A sample of fixed assets in the asset register were selected and audit testing did not highlight issues with these items.

The land and property was reviewed, and it was confirmed that it was in the name of the academy, and values appear comparable to the information disclosed on the insurance documents.

As with prior periods, there were further additions identified as a result of our asset completeness review in the profit or loss. These were adjusted for and depreciated accordingly in line with academy policy.

## 4.2 TRUSTEES AND RELATED PARTY TRANSACTIONS

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No matter on the value, governor and other related party transactions are required to be disclosed in the accounts as per the accounting standards. Our work is to ensure that the disclosures are complete and accurate, and it appears that this is indeed the case for the remuneration earned and transactions with trustees and any related parties.

Our review of the meeting minutes indicate that adequate procedures were in place for the review and setting of management pay.

### 4.3 PURCHASES AND CREDITORS

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We tested a sample of purchases made through the Academy which did not highlight any issues. The cut-off of expenditure in the accounts overall appears reasonable.

Expenditure post-year end was reviewed to ensure that this was included in the appropriate year and no further creditors were identified as a result of this review. A standard accrual was made for audit and accountancy services.

Our testing identified for the second year, that the finance support contract did not go out to tender in the year. The catering contract also did not go out to tender in the period. It was minuted by the trustees that due to the restrictions of COVID, these contracts would not be tendered until the new year.

We makes recommendations in respect of this in section 7 of this report.

## 4.4 INCOME AND DEBTORS

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Most of the income received by the Trust is in the form of grants, for which our work involves ensuring that the amount disclosed in the accounts matched this documentation, and has been disclosed in the appropriate fund.

An erroneous deferred income adjustment in relation to Universal Infant Free School Meals income was identified in the audit and reversed. This is the second year that this adjustment has been made and so we would welcome any questions that the finance team may have surrounding this treatment. ESFA allocations are publicly available through the gov.uk website.

Reallocations were also made in respect of grant income to ensure that they were allocated against the correct provider (ESFA, Local Authority etc.). Again, these were repeated from the prior period and we would welcome and questions that the finance team may have in order to ensure accurate allocation going forwards.

Other income received, such as nursery and trip income, was also reviewed to ensure that these were appropriately recognised in the accounts. There were no issues identified from our review of this income.

Completeness of debtor balances was mainly covered by virtue of our income testing. Otherwise, debtor balances in the financial statements appear to be accurate and free from material misstatement.

## 4.5 BANK AND CASH

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A review of a sample of transactions through the bank did not highlight any issues, and the controls and systems in place appear satisfactory, with no suggested improvements identified.

The balance in the financial statements was confirmed to the supporting reconciliation and statement. The online bank balance was viewed in the absence of a bank letter being requested.

A sample of charge card and petty cash expenditure was also reviewed, as this is a key area susceptible to potential misappropriation of funds. No irregular transactions were identified as a result of our review.

Receipts were available for each of the transactions tested which is an improvement on the prior period, where some were not identifiable.

## 4.6 PROVISIONS

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We reviewed the post balance sheet events to establish whether there are any events that may be disclosable in the 2020 accounts. No items were identified, following confirmation from management (see section 10).

## 4.7 WAGES AND SALARIES

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There were no major issues identified in a review of the systems, specifically detailing how joiners and leavers are dealt with in the academy.

A sample of employees were selected, and various checks were undertaken including confirming actual pay to documented pay (approved records, contract, terms of engagement etc.), reviewing tax calculation processes and ensuring existence of staff being paid.

The issues identified in the prior period surrounding inaccurate data on the Mercury system appear to have been addressed and wages and salaries were confirmable to supporting documentation.

## 4.8 JOURNALS

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As noted in section 3 of this report, management override is a key area that we need to be aware of in all audits. A review of a sample of journals was undertaken to ensure that the financial records had not been altered in such a way to materially impact the figures against the usual activities of the academy.

Journals reviewed appeared reasonable and indicated clear business rationale. The journals are now reviewed on a whole-month basis so that all manual adjustments are reviewed; this is considered to be a sufficient control.

## 4.9 CLIENT COMMENTS

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This system will continue.

# 5. ADJUSTMENTS MADE DURING ACCOUNTS PREPARATION & THE AUDIT PROCESS



During the course of the audit, a number of necessary adjustments were identified, These are summarised below:

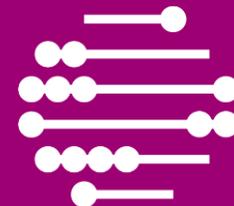
Description	£
<b>Surplus per system trial balance</b>	15,330
<b>Depreciation Charge</b> - Depreciation charge in the period	(38,350)
<b>Pension scheme movement as per FRS102 report</b> This net adjustment is made up of the following: - <b>Current service cost of pension – (£97,000)</b> (Increase in the present value of the scheme liabilities expected to arise from employee service in the current period) - <b>Interest on pension scheme liabilities – (£13,000)</b> (Expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement) - <b>Expected return on pension scheme assets – £6,000</b> (The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme) - <b>Transfer from pension contributions accounts – £48,000</b> (Transfer of contributions by the employer into the scheme) - <b>Administrative costs – (£1,000)</b> Administrative cost of administering the scheme	(57,000)
<b>Actuarial adjustment to reflect the revaluation of scheme assets and liabilities</b> Increase in scheme liabilities – (£148,000) Increase in scheme assets – £3,000	(91,000)
<b>Reconciliation continued overleaf</b>	

During our audit testing, we split the accounts into defined sections, and undertake various tests on each section accordingly. An overview of our testing is as follows:

Description	£
<b>Deficit brought forward from page 18</b>	(171,020)
<b>Capital expenditure reclassified from SOFA</b> Additions identified from the review of the SOFA codes	128,424
<b>UIFSM deferral</b> Correct deferral of UIFSM grant in the period	(6,106)
<b>Audit and accountancy fees</b> To accrue	(6,820)
<b>S106 funding accrual</b> To recognise the full amount granted to the entity	938,497
<b>Rounding</b>	1
<b>Surplus per accounts</b>	882,976

The above adjustments have been agreed by the finance secretary and should be adjusted for in the accounts for the period ended 31 August 2020.

# 6. UNADJUSTED MISSTATEMENTS



## 6.0 UNADJUSTED / ADJUSTED MISSTATEMENTS

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A summary of the unadjusted/adjusted errors identified during the course of our work is usually included below, analysed between errors of facts and differences in judgement.

As all adjustments identified have been recognised per section 5, there are no further adjustments to be recorded in this section of the report.

We have not disclosed below those items that we consider to be “clearly trivial” in the context of our audit.

# 7. INTERNAL SYSTEMS AND CONTROLS



## 7.0 INTERNAL SYSTEMS AND CONTROLS

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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 controls. 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.

Overall, considering the size and nature of the entity, it is considered that Academy has a reasonable overall system of internal control.

There were no significant deficiencies in internal control identified during the audit process, and it appears that the level of controls and systems in place is sufficient to mitigate risks of material misstatement and override.

We have made recommendations in respect of the following areas (2):

- Tendering
- Income recognition and review

Points addressed since the prior financial period:

- Approval of journal transactions
- Completeness of information on the academy website
- Monthly reconciliation of payroll differences



**PRIORITY:**  **7.1 TENDERING**

Weakness	Potential consequence	Year-end comments
<p>The finance support and catering contracts did not go out to tender in the period due to the restrictions in place as a result of COVID-19.</p>	<p>Failure of the academy to ensure that it is achieving best value for money.</p>	<p>The trustees minuted their support for the informal extension of contracts in the period, which given the extraordinary circumstances is considered reasonable.</p> <p>We strongly advise that the contracts are re-tendered in 2020/21.</p>

**PRIORITY:**  **7.2 INCOME RECOGNITION**

Weakness	Potential consequence	Year-end comments
<p>Repetition in the period of erroneous UIFSM grant income deferral.</p>	<p>Misstatement of income in the financial statements and incomparable information between periods.</p>	<p>Grant allocations are publicly available through the gov.uk website. We would recommend that this is consulted when making adjustments in respect of accrued and deferred grant income and welcome any questions you may have in relation to this.</p>

## 7.3 POINTS ADDRESSED SINCE THE PRIOR PERIOD

Weakness identified in prior year	How this has been addressed	Year-end comments
Not all journal transactions were being approved.	Monthly journal summaries are now being reviewed and signed off.	We are satisfied that the controls in place are now sufficient to reduce the risk of management override to an acceptable level.
Information on the academy website was incomplete.	Relevant statutory information has now been disclosed on the academy website.	Information disclosed is now compliant with legislative requirements.
Payroll checks were insufficient.	Payroll is now being checked in greater depth on a monthly basis in order to identify unexpected variances in the payroll reports.	We are satisfied that the controls in place are now sufficient to identify variances in the payroll reports in a timely manner.

**Client comments on systems and controls recommendations:**

Thank you to our auditors for their support in rectifying these.

# 8. JUDGEMENTAL ISSUES



## 8.0 JUDGEMENTAL ISSUES

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As part of the audit standards and in line with our audit processes, we are required to obtain an understanding as to the rationale behind accounting estimates and judgements. As such, we have reviewed the following areas.

### 8.1 DEPRECIATION RATES

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We have reviewed the rates at which the fixed assets are depreciated, and a review of the useful lives of items and the residual values in the accounts.

The depreciation methods appear to be reasonable and in line with commercial rates.

## 8.2 LGPS PENSION SCHEME / FRS102 DISCLOSURES

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The LGPS Pension Scheme is recognised in the accounts in accordance with the financial reporting standard FRS102.

The disclosures are as per the report provided by Mercer Limited, and we have not carried out detailed audit testing on these figures. These are judgemental figures based on assumptions made by the actuary, for which we are reliant.

# 9. AUDIT OPINION



## 9.1 STATUTORY AUDIT

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As a result of the audit work we have undertaken, we have concluded that the financial statements appear to be free from material misstatement. Therefore the report contained within the draft financial statements will become the audit report in the final financial statements, subject to satisfactory clearance of any outstanding matters. This is the standard unmodified audit report in line with the ESFA's expectations. The audit opinion specifically written in the accounts will be as follows:

*In our opinion the financial statements:*

- *give a true and fair view of the state of the Academy's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;*
- *have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and*
- *have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency;*

*In our opinion, based on the work undertaken in the course of the audit:*

- *the information given in the Trustees' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements;*
- *the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.*

## 9.2 REGULARITY AUDIT

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It is a requirement of the ESFA for the auditors of academies to include a Statement on Regularity within the Trustees' Report and financial statements. This report will be stated separately and in addition to the above statutory audit opinion. The accounting officer statement on regularity, propriety and compliance forms the basis of an enhanced 'regularity audit' that will provide assurance to both the academy and the ESFA on the use of the academy's funds. The auditor's opinion of regularity is addressed jointly to the governing body and to the ESFA.

From the work undertaken as part of the audit, the sample selected of income and expenditure appears to be in line with the scope of the purposes intended for them by the Education and Skills Funding Agency or other government bodies.

The statement included within the accounts is as follows:

*In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.*

# 10. OTHER POINTS TO NOTE



## 10.1 ACADEMIES FINANCIAL HANDBOOK 2020 UPDATES

### Action points for Honeybourne

Excerpts of the Academies Financial Handbook 2020 changes

#### Governance

Further information on governance arrangements including trustees' responsibility to maintain the trust as a **going concern** [1.14, 2.5 and 2.8], confirmation that **members** must not be employees or occupy unpaid staff roles [1.4], that **members** must remain informed about trust business [1.8] and that trusts must appoint a **clerk to the board** [1.40]. Also clarifying that trusts must keep their **register of interests** up to date [5.46].

#### Executive team

Confirmation that both the **accounting officer** and **chief financial officer (CFO)** should be employees, and a requirement for ESFA approval if, exceptionally, they are not [1.26 and 1.36]. Also encouraging larger trusts to consider relevant accountancy qualifications for their **CFO**, and for all CFOs to maintain professional development [1.37 and 1.38].

- Continue to sufficiently probe and challenge budgets and forecasts in addition to the monthly management reports and cash flow assessments.
- Maintain robust operation of the finance committee
- Continue to assess short, medium and long term plans and their impact on the ability of the trust to operate as a going concern
- Continue to provide members with the relevant business information in order for them to fulfil their roles
- Continue to update the register of interests frequently
  
- No action points

## 10.1 ACADEMIES FINANCIAL HANDBOOK 2020 UPDATES (Cont...)

### General controls and transparency

Updated clarifications including maintenance of a **fixed asset register** [2.7], termly review of **pupil number projections** [2.12], use of **integrated curriculum and financial planning** [2.13], avoidance of **overdrafts** [2.24], publication of information about **high pay** [2.32] and **whistleblowing** [2.44], confirmation that the trust's funds must not be used to purchase **alcohol** [2.35], board and committee responsibilities for **risk management** [2.38, and 3.6 to 3.8] and completion of the **School resource management self-assessment tool** [6.8].

### Internal scrutiny

Updated text including clarification that **internal scrutiny** covers both financial and non-financial controls [3.1], removal of the option for **internal audit** to be performed by the external auditor [3.17 and 3.20] and confirmation that trusts can use additional individuals or organisations to support **internal scrutiny** where specialist non-financial knowledge is required [3.18 and 3.23].

### Annual accounts

More on the **audit and risk committee's** role in relation to external audit [4.17].

## Action points for Honeybourne

- Keep track of fixed asset movements throughout the period for updating in the fixed asset register
  - Reassess curriculum planning as often as is necessary to remain operationally and financially efficient
  - Continue to monitor the cash position of the entity and consider underlying factors impacting variances in performance against budget
  - Scrutinise and pre-approve credit card transactions wherever possible.
  - Update as frequently as necessary the risk register
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- Continue to engage with an appropriately independent provider of internal scrutiny services. This can no longer be the same provider as your statutory audit.
  - Employ external individuals or organisations to assist in internal scrutiny reviews as the trustees' see fit in their risk assessment.
  - Continue to build upon the role of the audit committee in the performance and review of the year end audit. We can see from the minutes that this is already being performed, but please familiarise yourself with the updated guidance in the financial handbook to ensure ongoing compliance.

## 10.2 RELATED PARTY DISCLOSURES

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Related party transactions are considered to have been appropriately disclosed in the accounts.

By way of a reminder, related party transactions about the £2,500 de-minimis limit are required to be at “cost” and, for there to be no profit element included, there is also the requirement for the MAC to obtain written assurance from the related party that the transaction is at cost.

Purchase transactions with related parties must now be notified to the ESFA using the online form and transactions or contracts which total more than £20,000 must be pre-approved by the ESFA.

## 10.3 CLIENT COMMENTS

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Noted.

# 11. OUTSTANDING MATTERS TO COMPLETE AUDIT



## 11.1 POST-BALANCE SHEET EVENTS

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Prior to signing the audit report, we will need to complete an up to date Post Balance Sheet Events Review. Please can you confirm that you are not aware of any events that may impact these financial statements? This assessment should extend to 12 months from the signing of the accounts. This is included in the letter of representation.

### Client Comments

The trustees are not aware of any outstanding issues that could impact on the financial statements following our audit for 2019-20.

## 11.2 LETTER OF REPRESENTATION

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A letter of representation will be issued with the financial statements and we shall forward this for approval by separate cover.

### Client Comments

Letters of representation have been duly signed and returned.

# 12. CONTACT PROGRAMME



## 12. CONTACT PROGRAMME

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January 2021	Preparation and submission of your AAR by 21 January 2021 Arrange dates for the internal audit visits in the Spring and Summer terms
February 2021	Arrange dates for systems audit and Teachers' Pension audit
March/April 2021	Attendance of academy to undertake systems audit
May/June 2021	Undertaking of Teachers' Pension audit
June 2021	Arrange audit and accounts dates
August 2021	Submission of Corporation Tax return if required
September 2021	Pick-up of accounts information and preparation of year-end accounts Report from trustees provided by academy for inclusion in the year-end accounts
October/November 2021	Audit planning, audit fieldwork and audit completion Issue of Report to Trustees in advance of trustees' meeting
November/December 2021	R&P to attend the trustees' meeting regarding audit and accounts findings and sign off of the accounts
December 2021	Submission of accounts in advance of month-end deadline Completion and submission of AAR for ESFA



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**t 01242 776000 | e [audit@randall-payne.co.uk](mailto:audit@randall-payne.co.uk) | f 01242 292026**  
**Chargrove House, Shurdington Road, Cheltenham, GL51 4GA**

The firm is not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services to clients because we are members of the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide.