29th November 2019

Our ref: S627/CS/K-AJ-S/CJ

**Private & Confidential**

The Governors

Shenfield High School

Alexander Lane

Shenfield

Brentwood

Essex CM15 8RY

Dear Sirs

**AUDIT AND REGULARITY FINDINGS REPORT**

During the course of our audit and regularity assurance engagements for the year ended 31st August 2019 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.

We have complied with the Financial Reporting Council’s Ethical Standard and all threats to our independence have been properly addressed through appropriate safeguards. 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.

This report has been prepared for the sole use of the trustees of Shenfield High School. 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 MWS 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

MWS

**SIGNIFICANT MATTERS RELEVANT TO OUR AUDIT AND REGULARITY ASSURANCE ENGAGEMENTS FOR THE YEAR ENDED 31st AUGUST 2019**

**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.

**Summary of significant audit findings**

|  |  |  |
| --- | --- | --- |
| **Significant risk area identified at planning** | **Findings, significance and recommendations** | **Management response / timetable for action** |
| Related Parties | None |  |

|  |  |  |
| --- | --- | --- |
| **Other areas where issues were identified during the audit** | **Findings, significance and recommendations** | **Management response / timetable for action** |
| None |  |  |

**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** |
| None |  |  |
|  |  |  |

**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 year are outlined below:

|  |  |  |
| --- | --- | --- |
| **Findings / recommendations** | **Status in current in year** | **Management response / timetable for action** |
| Where quotes are obtained for school trips exceeding the quote threshold, recommend recording the reasoning of choice of supplier where the cheapest supplier is not proceeded with. | Resolved. |  |
|  |  |  |

**Summary of audit differences and draft letter of representation**

There were no unadjusted misstatements noted during our work. A schedule of the journal adjustments we have made to the financial statements is enclosed. We would be grateful if you could review these and confirm your agreement thereto.

We have also attached a draft letter of management representations required in connection with our audit.

**Outstanding matters**

Prior to issuing our audit report we require:

* the signed letter of representation;
* Your management responses above.

**Anticipated audit report**

We anticipate that we will issue an unmodified audit report for the year, subject to the satisfactory clearance of any outstanding/unresolved the matters outlined in this report.

**Regularity assurance engagement findings**

We conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2018 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.

Our engagement included examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust’s income and expenditure. The work undertaken to draw our conclusions included:

* Reviewing permanent, correspondence and prior year audit files for indication of increased risk
* Determining the materiality for the regularity reporting engagement
* Assessing the risk of material irregularity, impropriety and non-compliance
* Developing work plans which incorporated testing to provide assurance over regularity, propriety and compliance

We anticipate that we will issue an unmodified regularity assurance report for the year, subject to the satisfactory clearance of any outstanding/unresolved the matters outlined in this report.

Regularity issues brought to your attention in connection with the regularity assurance engagement are as follows:

|  |  |  |
| --- | --- | --- |
| **Findings and significance** | **Potential implications / financial impact and recommendations** | **Management response / timetable for action** |
| Wine was purchased on the charge card in contravention of the rules within the Academies Accounts Direction.  Medium significance. | Purchase of alcohol is considered ‘irregular’ by the ESFA and will put the Trust in contravention of the Funding Agreement. Recommend advising all budget holders that alcohol may not be purchased with any school funds. | We strongly disagree with the ESFA categorising this transaction as “school funds”. Wine was only ever purchased from funds generated by staff donations to our “Staffroom Fund”. This fund was for getting a gift for leavers or those that have a significant life event whist working at the school. No public funds were ever spent on alcohol and all money in the staff room fund could be traced back staff donations from colleagues.  We accept that the ESFA has ruled that this is not their view on transactions from funds of this type, and we have now decided on a policy of not purchasing wine for any reason even from the staffroom fund. |