



**williams giles**  
Chartered Accountants

16 December 2016

PRIVATE AND CONFIDENTIAL

The Trustees  
Christ Church Church of England Primary Academy, Folkestone  
Brockman Road  
Folkestone  
Kent  
CT20 1DJ

Our ref: AH/KW/CHRISTC

Dear Sirs

REPORT TO MANAGEMENT

During the course of our audit and regularity assurance engagements for the year ended 31 August 2016 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 Christ Church Church of England Primary Academy, Folkestone. We understand that you are required to provide a copy of this report to the Education 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 Williams Giles 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

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**SIGNIFICANT MATTERS RELEVANT TO OUR AUDIT AND REGULARITY ASSURANCE ENGAGEMENTS FOR THE YEAR ENDED 31 AUGUST 2016**

**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
None	None	None

Other areas where issues were identified during the audit	Findings, significance and recommendations	Management response / timetable for action
School Trip income	GREEN – In some cases during income testing, it was found that permission slips and records of school trip income received did not add up to the total money banked. It is recommended that a reconciliation is performed to show the amount banked agree to the underlying documentation with discrepancies being identified and documented	A new system was implemented in September to comply with these requirements.
Bank Reconciliation	AMBER – Upon review of the bank reconciliations, it was identified that differences arose from the system to the bank statement. We recommend that monthly reconciliations show the movement between the bank statement and the closing position on the accounting system at the end of the month.	Monthly reconciliations are now being carried out to this effect.



**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
Purchase Order Authorisation	GREEN – Purchase orders are created and attached to invoices, however it seems that these are done retrospectively and not signed. It is recommended that purchase orders be raised during the purchasing process and authorised appropriately before purchase of the goods/services.	It has been agreed that order confirmations for internet purchases will be sufficient . Orders are raised for any items purchased via the order request form system as agreed with the accountant.
Direct Debit Authorisation	GREEN – It was found that direct debits are not authorised, even retrospectively, which may lead to any overcharges or changes going unnoticed. It is recommended that direct debit payments be authorised and reviewed regularly in order to dispute any changes.	Direct debits are committed to the system in advance and reconciled as payment is due.
Quotes For Large Purchases	GREEN – It was found during expenditure walkthrough testing that an item for over £500 had no evidence of quotes being sought for approval. It is recommended that quotes be obtained for any purchases greater than the school policy outlines, to ensure that value for money regulations are being adhered to.	Quotes are being obtained for purchases over £500.

**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
had not been posted in the correct period and required accounting for before the year end.	creditors. This issues has been resolved in the year.	
be raised for all purchases including services to ensure that EFA guidelines are being met. It was recommended that this be addressed to meet or exceed the 80% requirement of the EFA.		now made agreed changes in consultation with the accountant.



<p>Sales Invoices GREEN – Not all customers that hire facilities at the school were provided with a sales invoice. It was recommended that the lettings process be amended to ensure that there are sales invoices for all facility hire.</p>	<p>Testing in the year did not identify any issues</p>	<p>This is resolved.</p>
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### Summary of audit differences and draft letter of representation

Attached is a schedule of all of the unadjusted misstatements noted during our work. We would be grateful if you could review these and confirm that you are satisfied that none of these need to be adjusted for in the financial statements.

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;

### 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 2015 to 2016 issued by EFA. 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:

- An assessment of the risk of material misstatement and irregularity
- Testing and review of areas identified through risk assessment including enquiry, inspection and review, observation and re-performance
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime
- Consideration of evidence obtained through the work performed as part of our audit in order to support the regularity conclusion

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:

<b>Findings and significance</b>	<b>Potential implications / financial impact and recommendations</b>	<b>Management response / timetable for action</b>
None	None	