



Noadswood School

Audit Findings Report
For the year ended 31 August 2024

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Audit findings for Noadswood School for the year ended 31 August 2024

The Trustees
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North Road
Dibden Purlieu
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SO45 4ZF

Dear Trustees

In accordance with our normal practice, we are writing to draw your attention to various matters which arose during the course of our audit of the accounts for the year ended 31 August 2024.

Audit opinion

There are no expected modifications to the auditors' report on the financial statements or the report on regularity.

Regularity

We have performed a limited assurance scope regularity review. The work performed is summarised in section 2. Matters arising from our report on regularity are set out in section 3 of this report.

Adjusted and unadjusted journals

The unadjusted journals determined during our audit, (except for those considered to be clearly trivial) are summarised in section 4 of our audit findings report.

A schedule of journals that were agreed should be processed when finalising the accounts are summarised in section 5 of our audit findings report.

Internal Controls

The control environment at the Academy Trust was good and the key financial controls that we would have expected to see were in place.

Improvements in the accounting and internal control systems

As you are aware from our letter of engagement, our audit procedures were directed towards testing the accounting systems in operation upon which we have based our assessment of the accounts.

Section 1 of this report contains details of matters identified during our audit and our recommendations for improvements. This may not contain all areas for improvement that are present in your system.

In making our recommendations, we have considered the size of the Academy Trust and the number of staff you employ. Responses from the Academy Trust Business Manager are included in the final column.

Other relevant matters relating to the audit

We have discussed with you the fact that we provide additional services to the Academy Trust in addition to acting as auditors. We wish to confirm to you that in our opinion the provision of such services does not affect our independence as the additional services provided are of a routine compliance nature and the Accounting officer and Trustees take any decisions where judgement is required.

Other matters required by Auditing Standards to be communicated

There are no other matters that we are required by auditing standards to communicate to you. We would like to take this opportunity of expressing our thanks to all of your staff for their assistance during the course of our audit, in particular Carla Bradshaw and Angie Drabble.

Please note that this report has been prepared for Noadswood School. It must not be disclosed, quoted or referred to third parties, other than the EFSA, without prior written consent. No responsibility is assumed by us to any other person.

Yours faithfully



HWB

Section 1: Management letter points arising from audit work

	Issue (including financial impact)	Implication/Consequence	Risk H/M/L	Reported last year?	Recommendation	Management response	Timescale
1	<p>Multiple errors were identified with regards to fixed assets:</p> <p>A significant adjustment of £79,745 was required during the audit to correct fixed asset capitalisation.</p> <p>An adjustment of £24,122 was required to dispose of assets on the fixed asset register (FAR) which had been replaced in the year.</p> <p>One asset in excess of the trust's capitalisation policy was identified which had not been transferred to fixed assets. The total value was £4,999.</p>	<p>Fixed assets per the management accounts and draft trial balance were misstated.</p> <p>Fixed assets per the management accounts and draft trial balance were misstated.</p> <p>Fixed assets are not being treated consistently and in line with the trust's capital asset policy.</p>	<p>L</p> <p>L</p> <p>L</p>	<p>Y</p> <p>Y</p> <p>N</p>	<p>Ensure that all capital assets have been correctly capitalised.</p> <p>Once an asset has been replaced with a new capital addition, the asset replaced should be disposed of from the FAR.</p> <p>Ensure that capital sensitive expenditure codes are reviewed monthly and at the end of the year to identify any assets which may have been misallocated.</p>	<p>To be completed as part of year end preparations prior to audit commencing next year. Management will keep the register up to date.</p> <p>To be completed as part of year end preparations prior to audit commencing next year. Management will keep the register up to date.</p> <p>To review capital sensitive expenditure codes to ensure fixed assets are correctly identified.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

	Issue (including financial impact)	Implication/ Consequence	Risk H/M/L	Reported last year?	Recommendation	Management response	Timescale
2	From a sample of 25 purchase invoices tested, 2 invoices had a different date on the accounting system compared to the physical invoice.	The invoice date was incorrect on the accounting system. If this error occurred at the year end, expenditure could be recorded in the incorrect reporting period.	L	N	Ensure invoice dates are checked when being posted to the system.	These were a couple of mistakes when posting the invoices. Invoice dates will be checked thoroughly going forward.	Ongoing

Section 2: Regularity Assurance Review

In accordance with The Academies Accounts Direction (AAD), we have performed a limited assurance scope regularity review of the Academy Trust. The following work was undertaken:

- ❑ Consideration as to whether prior approval was sought from the Secretary of State where it is required by the Academy Trust Handbook (ATH).
- ❑ Review of any special payments to staff, including compromise agreements, to consider whether prior approval was sought where required by the ATH and that any payments are in line with the severance guidance published by ESFA.
- ❑ Consideration as to whether any borrowings have been made in accordance with the ATH.
- ❑ Review of any 'minded to' letters or Financial Notices to Improve have been issued to the academy trust.
- ❑ Review of any transactions with related parties to ensure that they have been carried out in accordance with the ATH.
- ❑ Review of governance arrangements to determine whether the requirements of the ATH have been met.
- ❑ Review of the academy trust's internal controls, including whether the general control environment has regard to the regularity of underlying transactions, including fraud management.
- ❑ Review of the academy trust's procurement policies to determine effectiveness and testing a sample of purchases to confirm that the policies have been correctly implemented.
- ❑ Identifying any conditions associated with specialist grant income and determining whether it has been spent as the purposes intended.

Our work was undertaken in accordance with the guidance in the AAD and the ICAEW's technical release TECH08/12AAF.

Section 3: Management letter points arising from our work on regularity

	Issue (including financial impact)	Implication/ Consequence	Risk H/M/L	Reported last year?	Recommendation	Management response	Timescale
1	The Academy Trust currently only has three members.	Per the Academy Trust Handbook (ATH) 1.3, it is recommended that five members are in place.	L	Y	When possible, recruit further members. Having further members may provide a more diverse range of perspectives.	We are actively trying to recruit more members. We have now recruited a fourth member. We will continue this process to ensure future compliance.	As soon as possible
2	Sarah Balson resigned as a trustee on 26/09/2024, however, this has not been reflected at Companies House which still shows her as active.	The list of trustees at Companies House is incorrect and inconsistent with other records such as the Academy Trust website and Get Information About Schools.	L	N	Ensure that Sarah is recorded on Companies House as resigned on 26/09/2024.	Missed this off by accident. Sarah Balson now removed as a trustee.	24/10/2024
3	Persons with Significant Control have not been recorded on Companies House. This is a requirement for Academy Trusts with less than four members.	The information currently held at Companies House is incorrect with regards to the control each member holds.	L	N	Complete form PSC01 to record Persons with Significant Control on Companies House.	We will complete this as soon as possible.	As soon as possible

	Issue (including financial impact)	Implication/ Consequence	Risk H/M/L	Reported last year?	Recommendation	Management response	Timescale
4	During a review of charge card expenditure, it was noted that the Academy Trust purchased £18 worth of alcohol during the year.	Per the Academy Trust Handbook (ATH) 2.32, the trust's funds must not be used to purchase alcohol for consumption, except where it is to be used in religious services.	M	N	Ensure that the Academy Trust does not purchase alcohol going forward.	Measures were put in place the last time this happened (2022 audit) by having it written in red on the charge card expense form to say that alcohol must not be purchased. It has still managed to be purchased again. Discussion was held with SLT on 22/10/2024 to discuss measures of how to ensure that this does not happen in the future.	Discussion held 22/10/2024

Section 4: Unadjusted Journals

No unadjusted journals.

Section 5: Adjusted Journals

Audit materiality of £113,500

		Unrestricted	Restricted	Restricted pension	Restricted fixed asset	Total
		£	£	£	£	£
	Surplus/(deficit) per draft trial balance	98,537	(941,629)	-	359,760	(483,332)
	Adjustments:					
1	Being to bring in fixed asset additions and disposals	-	46,468	-	32,724	79,192
2	Being fixed asset depreciation	-	-	-	(215,125)	(215,125)
3	Being to capitalise Redwood Expansion Project expenditure	-	392,521	-	-	392,521
4	Being to reallocate SEMH CCTV back to SEMH expenditure	-	(1,392)	-	-	(1,392)
5	Being to reallocate Cycle Compound Shelter income and expenditure	-	5,083	-	22,180	27,263
	Sub-total	98,537	(498,949)	-	199,539	(200,873)
	Movement in LGPS deficit	-	-	91,000	-	91,000
	Transfers between funds	(552,118)	501,958	-	50,160	-
	Net movement in funds	(453,581)	3,009	91,000	249,699	(109,873)

Section 6: Review of internal control recommendations raised in prior year

No.	Observation	Status	Cleared?
1	A significant adjustment of £92,040 was required during the audit to correct fixed asset capitalisation.	Similar adjustment required again this year.	No – see 1.1
2	An adjustment of £44,000 was required to dispose of assets on the fixed asset register (FAR) which had been replaced in the year.	Similar adjustment required again this year.	No – see 1.1

Section 7: Review of regularity recommendations raised in prior year

No.	Observation	Status	Cleared?
1	The Academy Trust currently only has three members.	The Academy Trust now has 4 members.	No – see 3.1

Section 8: Going Concern

Trustees' assessment

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy Trust has sufficient resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Work performed by HWB

- ▣ Review latest Budget Forecast return (BFR) to ascertain whether going concern has been correctly addressed.
- ▣ Enquire into whether there have been any material new commitments, borrowings or guarantees post year end.
- ▣ Enquire into whether there have been disposals or acquisition of material assets or any appropriation or destruction of assets.

Conclusion

The Academy Trust has made a deficit of £450,572 for the year ended 31 August 2024 (excluding restricted pension fund and restricted fixed asset fund). The total balance of restricted and unrestricted general funds as at 31 August 2024 is £373,281.

The Academy Trust is projecting to make a surplus of £25,000 in the year ending 31 August 2025. Restricted and unrestricted general funds are therefore forecast to be £398,281 as at 31 August 2025. Based on this, our assessment is that the Academy Trust continues to be a going concern and our audit report will not be modified in this respect.

Section 9: Assignment Director Contact Details



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