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CHARTERED ACCOUNTANTS  
& BUSINESS ADVISERS

The Board of Governors  
Raglan Primary School  
Raglan Road  
Bromley  
Kent  
BR2 9NL

23 November 2015

Dear Sirs  
**BUSINESS REPORT**

During the audit of the financial statements for the year ended 31 August 2015, we examined and sample tested the accounting systems which the company has established to ensure that the accounting records are accurate and reliable and to ensure that its assets are safeguarded.

We enclose a report which details weaknesses in accounting and internal controls which came to light during the course of the audit.

The report includes explanations of how the weaknesses could affect your business and our recommendations on how to improve the systems.

Our report also includes details of recently released accounting standards and legislation which we would like to bring to your attention.

We would like to take this opportunity to thank you and your staff for the assistance given to us during the course of the review.

If you wish to discuss any of the issues raised in the attached appendix in more detail, please do not hesitate to contact us.

Please note that the report has been prepared for the use of the Governors only.

Yours faithfully

A handwritten signature in black ink that reads "Wilkins Kennedy LLP".

**WILKINS KENNEDY LLP**

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**ILAS**  
INTERNATIONAL LEGAL &  
ACCOUNTING SOLUTIONS

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## **1. Scope of the audit**

Our audit was carried out in accordance with Auditing Standards and with reference to the legal and regulations requirements as detailed in Section 3 of this report. Our audit approach is designed to ensure that our tests are focused in those areas where in our judgement the risk of errors is high, and where the likely impact of such errors would be significant. More specifically, this involved:

- a. Subjecting systems, controls, transactions and balances to substantive testing on a sample basis;
- b. Revising our audit plan for any significant financial matters;
- c. Subjecting the financial statements to detailed analytical review, examining key ratios, trends and other statistics, obtaining and testing explanations for any unusual or unexpected variations;
- d. Reviewing minutes of meetings;
- e. Reviewing statutory financial statements where prepared by the Academy.

It must be appreciated that the matters dealt with in this report arose from the conduct of our normal audit procedures which are designed primarily to enable us to express an opinion on the financial statements of the Academy and do not necessarily involve an examination of all aspects of your internal control procedures. The responsibility for maintaining adequate financial reporting systems and systems of internal control, as well as for the prevention and detection of fraud, irregularities, and other errors, rests with Governors.

For the above reasons, our comments cannot be regarded as a full analysis of all the weaknesses or irregularities in the system of internal control or of all the financial trends or other performance data relevant to the Academy's which might be disclosed by a more detailed review nor, since we are not specifically required to search for fraud, can our audit be relied upon to disclose such matters. However, our audit was planned so that we would have reasonable expectation of detecting material misstatements of the financial statements.

This report has been prepared for the private use of the Governors and its contents may not be disclosed to any third party without our express written consent. We assume no responsibility to any other person.

## 2. Independence Issues

On 27 July 2015 we wrote to you identifying our perception of the principal threats to our objectivity and independence in carrying out this audit, along with the safeguards in place to mitigate those threats.

The principal threats and safeguards are repeated below:

Principal threats	Safeguards Implemented (and why they are considered effective)
<p>We are responsible for the preparation of the financial statements in addition to carrying out the audit. The service will not involve initiating transactions.</p> <p>There is a threat that, as a firm, we become perceived as being too closely aligned with the views of management to provide an independent review and/or that members of the audit team could be reviewing their own accounting work.</p>	<p>It is agreed that a senior staff member, will carry out a review of the financial statements. This will mitigate the threat of being too closely aligned with management and ensure that all accounting judgements are impartial and that the service is just one of a technical nature.</p> <p>Please see the below comment with regard to the independent principal review of the audit, which will address the self-review risk, as all audit work will need to be clearly explained.</p>
<p>We are responsible for the preparation of the Corporation Tax Return and the calculation of the associated tax liability in addition to carrying out the audit. However, as directors you remain responsible for both accounts and your Tax Returns. As independent auditors we cannot take any decisions that rightfully belong to management. Accordingly, if there are any decisions relating to the accounts or treatment of items on the Tax Return we will explain your options in layman's terms.</p> <p>However, you must make the ultimate decision.</p> <p>There is nevertheless a threat that, as a firm, we become perceived as being too closely aligned with the views of management to provide an independent review and/or that members of the audit team could be reviewing their own tax work.</p>	<p>We have extended the cyclical inspection of our completed audit engagements that is performed for quality control purposes to include a random selection of audit engagements where non-audit services have been provided.</p> <p>This independent review will comment on whether the safeguards being implemented by the firm on all audit clients are sufficient to address the threats identified.</p> <p>The independent review will also comment on whether audit work is being conducted in accordance with relevant standards and will ensure that sufficient audit work has been carried out, regardless of who prepared the original data.</p>
<p>We are responsible for carrying out the role of responsible officer/internal audit.</p> <p>There is a threat that, as a firm, we become perceived as being too closely aligned with the views of management to provide an independent review and/or that members of the audit team could be reviewing their own accounting work.</p>	<p>The role of responsible officer/internal audit will be carried out by a member of staff from a different office of Wilkins Kennedy LLP or from our internal audit team who has no connection with the audit work being carried out.</p>

We consider that the safeguards in place have been sufficient to ensure our independence and objectivity has not compromised during the course of the audit.

### **3 Compliance with Legal and Regulatory Requirements**

In undertaking our work, we reviewed compliance with the following legal and regulatory requirements:

- Relevant Academies Accounts Direction issued by the EFA
- Applicable accounting standards (UK Generally Accepted Accounting Practice)
- Companies Act 2006
- Charities Statement of Recommended Practice (SORP) 2005

No matters came to our attention that suggested any significant breach of these requirements

## **Appendix 1**

### **General Information**

1. VAT – Audit Review
2. Disclosure of Governors' Remuneration
3. Reminder of General Issues from Last Year's Management Letter
4. Delegated Authorities
5. EFA Intervention Powers
6. Transparency of Governors' Arrangements
7. Budgeting
8. Internal Control
9. Audit Committees
10. SORP 2015

## **1. VAT – AUDIT REVIEW**

### **Observation**

The academy is currently Using Form 126 to reclaim VAT.

### **Issue**

Academies are able to recover VAT by claiming on Form 126. Our audit does not examine VAT in detail and our audit procedures are not designed to detect immaterial fraud or error. Therefore we have not reviewed individual streams of income to:

- a. Assess whether the academy is over the VAT registration threshold
- b. Ascertain whether the VAT reclaimed is correct

### **Recommendation**

We recommend that a separate VAT audit is undertaken if required.

### **Client Response**

VAT Review was undertaken during 2014-15, a separate VAT audit is not considered necessary at this stage.

## **2. DISCLOSURE OF GOVERNORS' REMUNERATION**

### **Observation**

Five governors (trustees) of the Academy receive remuneration through their employment with the Academy. This is disclosed in note 9 of the accounts and does not fully comply with the Academies Accounts Direction 2014 to 2015. The reason for the non-compliance is the aggregation of the salaries of the staff governors. An explanation has been provided for the departure from best practice in the notes to the accounts.

### **Issue**

Section 7.6.17 of the Academies Accounts Direction 2014 to 2015 sets out the reasons for disclosure of related party transactions with academy staff and trustees and the disclosure requirements.

Academy trusts are both exempt charities and companies limited by guarantee. As a charitable company, an academy must comply with the Academies Accounts Direction, Companies Act 2006, the Charities Act 2011 and the Charity Statement of Recommended Practice (SORP).

The Charity SORP requires the disclosure of an employee's remuneration where the employee is also a trustee. This is due to it not being standard practice for charity trustees to receive remuneration from the charities for which they are responsible. Under the SORP the disclosure must include the name of each trustee in receipt of remuneration and other benefits and details of the amounts involved.

Where staff are employed by the Academy are also Governors, and thus trustees, then the EFA requires the remuneration to be presented in £5,000 bandings.

The EFA have confirmed that confidentiality cannot be used as a reason for non-disclosure of principals' and other trustees' remuneration in related party disclosures.

As set out above, currently the financial statements list all the staff Governors names and then amalgamate their salaries with an explanation for the non-compliance. The Headteacher's salary is disclosed as required.

### **Recommendation**

We recommend that the Governors consider the disclosure on an annual basis.

### **Client Response**

Governors would like to continue with aggregation of salaries.



### 3. REMINDER OF ISSUES FROM LAST YEARS MANAGEMENT LETTER

#### Observation

We included a number of general issues on our management letter last year which are still relevant for year ending 31 August 2015.

#### Issue

Below is a highlight of the points raised last year, please refer back to last year's report for the full details:

1. ***Information required on your website***  
Please note the financial statements for 31 August 2015 must be on your website by 31 January 2016. The EFA have also expanded the information required on Governors – see point 6 further on in this report.
2. ***Related Parties and Register of Interests***  
See point 4 within this report.
3. ***Investment policy***  
Considerations Academies must apply for Investments
4. ***Statutory Duties of Board***  
The Board MUST understand their statutory duties as company directors (Directors being the same as Governors/ Trustees).
5. ***Insurance/ Risk Protection Arrangement***  
Details of what is and what is not covered under RPA. Please note it has been brought to our attention that some lessors do not recognise the RPA as sufficient insurance cover for land and buildings. Therefore if you have taken up RPA or are thinking of doing so please check with your lessor that you are not in breach of your lease agreement.
6. ***Employees opted out of pension schemes***  
Staff automatically opted back into the pension scheme after three years.
7. ***Additional requirements of reporting to the EFA***  
In addition to fraud an Academy also has to notify the EFA of any changes to auditors or changes of appointments in key roles.
8. ***Academy members***  
Academies MAY have 5 members (so potentially becoming a MUST in the future) and that the members cannot be a member of staff.

#### Recommendation

We recommend that the Governors review the points listed above and please contact us if you require further information.

#### Client response

Recommendation accepted.

#### 4. DELEGATED AUTHORITIES

##### **Observation**

Within the Academies Accounts Direction and update to the Academies Financial Handbook 2015 the EFA have updated the financial freedoms and limits that apply to Academy Trusts.

##### **Issue**

The Academy Trust must be able to demonstrate that public funds have been used as intended by Parliament.

##### **Connected Parties**

A reminder of the issues from last year regarding related parties/ Connected parties

The Academy Trust's **register of interests must** capture relevant business and pecuniary interests of **members, trustees, local governors of academies within a multi-academy trust and senior employees**, including:

- directorships, partnerships and employments with businesses that provide goods or services to the trust;
- trusteeships and governorships including at other educational institutions and charities irrespective of whether there is a trading relationship with the trust; and
- for each interest: the name of the business, the nature of the business, the nature of the interest, and the date the interest began.
- the interests of other individuals including parent, spouse, civil partner, cohabitee and child.

An Academy Trust **must** pay no more than 'cost' for goods or services provided to it by connected persons, subject to some exemptions ('services' do not include services provided under a contract of employment):

A body is related to another individual or organisation if it: is controlled by the individual or organisation; or controls the organisation; or is under common control with the individual or organisation.

In addition the Academies Financial Handbook 2015 has highlighted:

The Board of Trustees **must** ensure that the requirements for managing connected party transactions are applied across the Trust. The chair of the Board of Trustees and the Accounting Officer **must** ensure that their capacity to control and influence does not conflict with these requirements. They **must** manage personal relationships with connected parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the seven principles of public life.

##### **Staff Severance Payments**

Academy Trusts **must** ensure that the use of confidentiality clauses associated with staff severance payments do not prevent an individual's right to make disclosures in the public interest (whistleblowing) under the public disclosure Act 1998.

#### 4. DELEGATED AUTHORITIES (continued)

##### ***Gifts***

The Academy Trust should have a policy and register on the acceptance of gifts, hospitality, awards, prizes or any other benefit which might be seen to compromise their professional judgement or integrity; and should ensure that all members of staff are made aware of this. When giving gifts, the trust **must** ensure that the value of the gift is reasonable, is within the trusts scheme of delegation, the decision is fully documented, and has due regard to propriety and regularity in the use of public funds.

##### ***Write Offs and Entering Into Liabilities***

The Academy Trust **must** obtain EFAs prior approval for the following transactions beyond the delegated limits of the two categories set out below:

- Writing off debts and losses
- Entering into guarantees, letters of comfort or indemnities.

The delegated limits, subject to a maximum of £250,000, are:

- 1% of total income or £45,000 (whichever is smaller) per single transaction
- Cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any academy trusts that have not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of audited accounts.
- Cumulatively, 5% of the total annual income in any one financial year per category of transaction for any academy trusts that have submitted timely, unqualified audited accounts for the previous two financial years.

##### ***Leasing***

There are two types of lease:

- Operating leases: these do not represent borrowing
- Finance leases: these are a form of borrowing.

Trusts do not require EFA's approval for operating leases except for some transactions relating to land or buildings.

Trusts **must** obtain EFA's prior approval for the following leasing transactions:

- Taking up a finance lease on any class of asset for any duration from another party (borrowing)
- Taking up a leasehold or tenancy agreement on land or buildings from another party for a term of seven or more years
- Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

##### **Recommendation**

We recommend that the Governors and key staff read the Academies Financial Handbook Section 3 to remind themselves of the financial freedoms and limits that apply to academy trusts.

##### **Client Response**

Recommendation accepted.

## 5. EFA INTERVENTION POWERS

### Observation

The Academies Financial Handbook 2015 has highlighted the EFA's intervention powers.

### Issue

Where the EFA has concerns about financial management/ and or concerns about governance in an academy trust (including a multi-academy trust or constituent academies within a multi-academy trust) it may issue, and publish, a Financial Notice to Improve (FNtl). The trust **must** comply with all the terms of an FNtl. Failure to comply will be deemed a breach of the funding agreement by virtue of the relationship between the funding agreement and the handbook. In exceptional circumstances the funding agreement may be terminated due to non-compliance with the terms of the FNtl.

An FTnl sets out the actions EFA requires trusts to take in order to address underlying concerns about financial management, compliance and/ or governance (financial or otherwise). For example, an FNtl may be issued where there is a deficit, a projected deficit, cash flow problems, risk of insolvency, other financial concern (such as irregular use of public funds), or inadequate governance and management (including, but not limited to, weak oversight, control or direction by trustees, poor internal scrutiny and challenge, and breaches of the duties, principles and requirements governing connected party relationships).

If an FTnl is issued to a trust then all of the delegated authorities and other freedoms given to Academies are revoked. All transactions by the trust of this nature, regardless of size, **must** be approved in advance by EFA. The trust may also be prevented from entering into transactions with connected parties without EFA's prior approval;. These delegated authorities shall be returned to the Trust once the terms set out in the FNtl have been complied with, and improvement is sustainable.

### Recommendation

We recommend that the Governors/Directors/Trustees understand their responsibilities and review the Academy's one, three and five year business plans and budgets to ensure they are aware of any potential issues that may arise that are mentioned above.

Please note that an FTnl can affect your OFSTED rating if a visit were to arise whilst an FTnl is in place.

### Client Response

Recommendation accepted.

## 6. TRANSPARENCY OF GOVERNORS' ARRANGEMENTS

### Observation

The Academies Financial Handbook 2015 has extended the remit regarding the disclosures on the Academy's website in relation to Governors.

### Issue

The Academies Financial Handbook 2015 states:

In the interest of transparency, an Academy Trust **must** publish on its website up-to-date details of its governance arrangements in a readily accessible format. This **must** include:

- The structure and remit of the members, board of trustees, its committees and local governing bodies, and the full names of the chair of each.
- For each member who has served at any point over the past 12 months, their full names, date of appointment, date they stepped down (where applicable), and relevant business and pecuniary interests including governance roles in other educational institutions.
- For each director and local governor who has served at any point during the past 12 months, their full names, date of appointment, term of office, date they stepped down (where applicable), who appointed them (in accordance with the trust's articles), and relevant business and pecuniary interests including governance roles in other educational institutions
- For each director their attendance records at board and committee meetings over the last academic year.
- For each local governor their attendance records at local governing body meetings over the last academic year.

### Recommendation

We recommend that the Governors review the Academy's website and ensure the points listed above have been included.

### Client Response

Recommendation accepted.

## 6. BUDGETING

### Observation

The Academy Trust must prepare and monitor financial plans to ensure ongoing financial health.

### Issue

The Board of Directors/Governors **must** approve a balanced budget, and any significant changes to that budget, for the financial year to 31 August, which can draw on unspent funds bought forward from previous years. The Board must minute their approvals.

EFA's accounting officer is required to provide assurance that the bodies the EFA funds are in sound financial health. For this reason, the academy trust **must** submit to EFA a copy of the budget forecast in a form specified by EFA by the date notified.

The Board of Trustees, and any separate committee responsible for finance, must:

- Ensure good financial management and effective internal controls
- Comply with their funding agreement and the Academy Handbook
- Receive and consider information on financial performance at least three times a year, and take appropriate action to ensure ongoing viability.

The Board of Directors/Governors **must** notify the EFA within 14 days if it is formally proposing to set a deficit revenue budget for the current financial year which it is unable to address, after unspent funds from previous years are taken into account.

### Recommendation

We recommend that the Directors/Governors review the financial information at least three times a year – ensuring that consideration is given to explanations for fluctuations between budgets and actuals in the current year, but also considering the business plan and budgets for the next three and five years.

### Client Response

Recommendation accepted.

## 7. INTERNAL CONTROL

### Observation

The Academy Trust must have in place sound internal control, risk management and assurance processes.

### Issue

The Academy Trust **must** establish a control framework that recognises public expectations about governance, standards and openness.

The trust's internal control framework **must** include:

- co-ordinating the planning and budgeting processes
- applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties
- preparation of monthly budget monitoring reports
- ensuring that delegated financial authorities are respected
- effective planning and oversight of any capital projects
- the management and oversight of assets
- the propriety and regularity of financial transactions
- reducing the risk of fraud and theft
- ensuring efficiency and value for money in the organisation's activities
- a process for independent checking of financial controls, systems transactions and risks

### Recommendation

We recommend that the Trust review their internal control framework and ensure the areas above are considered.

### Client Response

Recommendation accepted.



## 8. AUDIT COMMITTEES

### Observation

The EFA have changed the parameters for when an audit committee is required.

### Issue

The Academies Financial Handbook 2015 now states:

Academy trusts **must** establish a committee, appointed by the board of trustees, to provide assurance over the suitability of, and compliance with, its financial systems and operational controls. Taking into account the differing risks and complexity of their operations:

- all trusts with an annual income over £50 million must have a dedicated audit committee
- all other trusts have flexibility to establish either a dedicated audit committee, or to include the functions of an audit committee within another committee

Audit committee functions should be established in such a way as to achieve internal scrutiny which delivers objective and independent assurance, which means that:

- staff employed by the trust should not be members of an audit committee, but may attend to provide information and participate in discussions
- where the trust operates a combined finance and audit committee, staff may be members but should not participate as members when audit matters are discussed; they may remain in attendance to provide information and participate in discussions

The accounting officer and other relevant senior staff should routinely attend the committee in the capacity set out directly above.

The committee's work **must** focus on providing assurance to the board of trustees that risks are being adequately identified and managed by:

- reviewing the risks to internal financial control at the trust
- agreeing a programme of work to address, and provide assurance on, those risks

### Recommendation

We recommend that the Governors review whether they require or wish to establish an audit committee. If it is decided that an audit committee is not required the Governors must ensure the objectives listed above are included within the remit of another committee.

### Client Response

The Resources Committee will continue to act as the Audit Committee.



## 9. SORP 2015

### Observation

In March 2013 the Financial Reporting Council (FRC) published a new financial reporting standard (FRS 102) to replace existing UK accounting standards for accounting periods beginning on or after 1 January 2015. The Charity Commission subsequently issued a new Charities SORP (Statement of Recommended Practice) on 16 July 2014, based on FRS 102, hereafter referred to as 'SORP 2015'.

The EFA take the SORP and translates it into a form relevant to Academy Trusts, which it publishes as an annual Academies Accounts Direction. Academy Trusts need to be aware of the changes introduced by SORP 2015 as these changes will be integrated into future Academies Accounts Directions.

### Issue

SORP 2015 is effective for accounting periods commencing on or after 1 January 2015, early adoption is prohibited.

Due to the nature of the transactions of an Academy Trust, for the majority of Trusts, there should not be significant changes to their financial reporting arising from SORP 2015. As a minimum established academy trusts should consider:

- revisiting and revising their accounting policies as appropriate
- the need for restating comparatives for the year ended 31 August 2015, together with the opening balance sheet figures at 1 September 2014, within their financial statement for the period ended 31 August 2016
- revising the format of the statutory accounts, ensuring that the trustees are aware of, and understand, the changes. The Accounts Direction for the period ending 31 August 2016 will provide model financial statements (the 'Coketown model') based on SORP 2015, covering most situations
- whether the trust's accounting systems will be able to accommodate the changes
- the impact on timetables for preparing, auditing and approving the financial statements. The trust's management team should plan and discuss this with the trustees, professional advisers and auditors as appropriate
- whether specialist assistance is needed to identify transitional issues
- whether finance staff need training on the changes to the SORP

There are a number of areas in the financial statements that will be impacted by FRS102 – a more detailed breakdown can be found at <https://www.gov.uk/government/publications/guide-for-academies-on-the-charities-sorp-2015>. A few key points to note are:

#### Trustees' Report

- Determine the Academy Trust's key management personnel (see below).
- Compare the current level of reserves against the reserves policy.
- Ensure risks can be identified and that the trust can describe how they are being managed.

#### Intangible fixed assets

- Determine whether software licenses held are material in total.
- Calculate any opening reserves adjustments that will be required on transition (1 September 2014).

#### Employee benefits – holiday pay accrual

- For staff with holiday entitlement, determine whether their holiday year is different to the financial year (most likely non-teaching staff)
- Review the system for capturing outstanding holiday entitlement for staff.

- Employee benefits – holiday pay accrual (continued)
- Should consider whether accounting systems are set up to capture this information. Trusts may wish to revisit their 'chart of accounts' and other internal reporting.
  - Calculate any opening reserves adjustments that will be required on transition (1 September 2014).
  - Determine the adjustments required to the 31 August 2015 figures that will form comparatives in the 31 August 2016 Financial Statements
- Property, plant and equipment
- Consider whether to take the option to have a one-off revaluation on transition (this can be applied to a single item rather than the old UKGAAP where revaluations were applied to a class of asset).
  - Approval of accounting policy choice by the trustees.
  - Calculate any opening reserves adjustments that will be required on transition (1 September 2014).
- Key management personnel
- Determine the academy trust's key management personnel.
  - There may be a requirement to disclose the aggregate salaries of the SLT and the number of staff within this team.
- Employee benefits – pensions
- Contact the scheme actuary to ensure that they are aware of the requirements of FRS102 and that they will provide the relevant comparative disclosures for 2015.

### **Recommendation**

We recommend that the school reviews the guidance mentioned above and ensures they are aware of the future changes due to SORP 2015.

### **Client Response**

Recommendation accepted.

## **Appendix 2**

### **Issues Identified in Current year Audit**

1. Gifts & hospitality policies
2. Expense claim forms

## 1. GIFTS & HOSPITALITY POLICIES

### Observation

The results of our audit work showed that the academy does not have formal policies in place for gifts & hospitality.

### Issue

The Academies Accounts Direction 14/15 states that policies should be in place for the reimbursement of expenses and for gifts and hospitality. These policies must be approved Governors.

The Academies Financial Handbook 2015 states:

#### *Gifts*

The Academy Trust should have a policy and register on the acceptance of gifts, hospitality, awards, prizes or any other benefit which might be seen to compromise their professional judgement or integrity; and should ensure that all members of staff are made aware of this. When giving gifts, the trust **must** ensure that the value of the gift is reasonable, is within the trusts scheme of delegation, the decision is fully documented, and has due regard to propriety and regularity in the use of public funds.

Without policies in place it is not possible to ensure that these requirements are being met.

### Recommendation

We recommend that the board of governors approve and implement policies for these areas at their next meeting.

### Client response

The Gifts and Hospitality policy will be reviewed at the Spring Term Resources meeting.

## **2. EXPENSE CLAIM FORMS**

### **Observation**

The results of our audit work showed that expense claim forms are not being completed when reclaiming expenses.

### **Issue**

The academies expense policy states that an expense claim form must be completed when reclaiming expenses. The academy is currently breaching its own policy.

### **Recommendation**

We recommend that expense claim forms are completed in line with the academies policy.

### **Client response**

This has been implemented. Expense claims are now being completed.

## **Appendix 3**

### **Resolution of Issues Identified in prior year Audit**

#### **High Risk**

1. School journey account

## **1. SCHOOL JOURNEY ACCOUNT**

### **Observation**

Bank reconciliations, bank statements and invoices are maintained for school journey account, they are not included within the Academy accounts.

### **Issue**

The School journey fund needs to be included as part of the academy accounts. There are currently transfers made between the Academy main account and the school journey account this has meant that income is often recorded as a transfer in FMS when the income is income and contributions to visits.

### **Recommendation**

We recommend that the school journey account be incorporated into FMS under separate cost centres to ensure income and expenditure is accurately recorded

### **Client Response 2014**

Recommendation accepted. School journey will be incorporated into FMS in 2014-15.

### **Issue Resolved**

We have noted that the School journey is now incorporated into FMS.