

Our Ref: BASEV002/SM/MH/RW

Date: 16 December 2019



PRIVATE & CONFIDENTIAL

The Board of Trustees
Seven Fields Primary School
Leigh Road
Penhill
Swindon
Wiltshire
SN2 5DE

Dear Sirs

2019 Audit and Regularity Assurance Engagement of Seven Fields Primary School

Introduction

In order to carry out our duties and responsibilities as auditors, we are required by International Standard on Auditing (UK) 260 "*Communication with those charged with governance*" ("ISA 260"), to communicate matters arising from the audit of the above named Academy Trust to you.

Our fieldwork is complete and we propose to issue an unmodified audit report for the year.

Our Approach to the Audit

Our work was planned to provide a focused and robust audit, so as to:

- Provide an independent opinion as to whether the financial statements give a true and fair view; and;
- State whether the financial statements have been properly prepared in accordance with the Companies Act 2006 and the relevant Academies Accounts Direction (AAD).

Our work was also planned to provide a "limited assurance" report on regularity in accordance with the relevant AAD issued by the Education and Skills Funding Agency (ESFA).

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

When planning our audit work, we sought to minimise the risk of material misstatements occurring in the financial statements. To do this, we considered both the risk inherent in the financial statements themselves and the control environment in which your Academy Trust operates. We then used this assessment to develop an effective approach to the audit.

Based on our knowledge of the Academy Trust, we assessed the risks to the Academy Trust and planned our audit with regard to these risks. Our auditing standards require us to include the following as significant risks:

- Management override; and;
- Revenue recognition.



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A: Minerva House
Lower Bristol Road
Bath
BA2 9ER
T: 01225 486 300
E: bath@bishopfleming.co.uk
W: bishopfleming.co.uk



Responsibilities of the Trustees

The trustees are responsible for the preparation of the financial statements and for making available to us all the information and explanations we consider necessary.

The matters dealt with in this letter came to our attention during the conduct of our normal audit and assurance procedures which are designed primarily for the purpose of expressing our opinion on the financial statements of the above Academy Trust and providing a limited assurance conclusion on regularity.

In consequence our work did not encompass a detailed review of all aspects of the systems and controls and cannot be relied upon necessarily to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might reveal.

We would be pleased to discuss any further work in this regard with trustees and/or management.

Qualitative Aspects of Accounting Practices, Regularity and Financial Reporting

The following key audit and accounting issues were discussed and agreed at our closing audit meeting with Karen Luker on 6 November 2019.

- Accounts presentation

- Trustees' report

- River Learning Trust

Audit Materiality

In carrying out our audit work we considered whether the financial statements are free from 'material misstatement'.

Materiality is an expression of the relative significance of a particular matter in the context of the financial statements as a whole. An item will normally be considered material if its omission would reasonably influence the decisions of those using the financial statements.

The assessment of whether a misstatement is material in the context of the financial statements is a matter of professional judgement and will have regard to both the amount and the nature of the misstatement. Thus different materiality levels may be appropriate when considering different aspects of the financial statements.

The assessment of whether a misstatement is material in the context of the regularity assurance report has been evaluated in the same way as the "true and fair" audit of the financial statements, as noted above.

Audit adjustments

During the course of our audit, we have identified adjustments which have been processed in the financial statements, on the agreement of management. These are attached to the letter of representation.

Internal financial controls

Our review of the Academy Trust's system of internal control is carried out to assist us in expressing an opinion on the financial statements of the Academy Trust as a whole. This work is not primarily directed towards the discovery of weaknesses or the detection of fraud or other irregularities (other than those which would influence us in forming that opinion) and should not therefore be relied upon to show that no other weaknesses exist. Accordingly, we refer only to significant matters which have come to our attention during the course of our normal audit work and do not attempt to indicate all possible improvements which a special review might reveal.

Accompanying this letter is a memorandum noting our significant control observations together with any recommendations we have for possible improvements which could be made. See Appendix I.

Regularity assurance engagement findings

We conducted our regularity assurance engagement in accordance with the relevant AAD issued by the 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.

We propose to issue an unmodified regularity assurance report for the year.

Appendix I also includes regularity issues brought to your attention in connection with the regularity assurance engagement.

Your comments

We would be grateful if you could enter your comments against each point under the "management response" column of Appendix 1 and return it to us in due course. This letter will be submitted to the ESFA with the Financial Statements.

This letter has been prepared for the sole use of the Board of Trustees, Governors, management and others of the Academy Trust. We understand that you are required to provide a copy of this report to the Education and Skills Funding Agency who may share this information internally within the Department for decision making purposes. With the exception of this, no reports may be provided to third parties without our prior consent. No responsibilities are accepted by Bishop Fleming towards any party acting or refraining from action as a result of this report.

Finally we would like to take this opportunity to thank your staff for the co-operation we have received throughout our audit. If there are any further matters which you wish to discuss concerning our audit, please do not hesitate to call us.

Yours faithfully

BISHOP FLEMING BATH LIMITED

APPENDIX I

Control Observations and Recommendations

Description & Impact	Recommendation	Management Response	Category
Current year observations			
Register of interests			
<p>During the review of the register of interests we identified that it does not include all information as required by the Academies Financial Handbook. There is a requirement (AFH 30.10.18) to include:</p> <ul style="list-style-type: none">• The name if the related party;• The nature of the relationship (ie shareholder, director, trustee etc);• The nature of business; and• The date the interest began.	<p>We recommend that the register is updated to include all required information.</p> <p>We would also recommend that the register is circulated at each board meeting, to give the opportunity for any newly identified related parties to be recorded. We would encourage this document to be treated as a live document, and not just updated once a year.</p>	<p>Register to be updated going forward to include all of the required information.</p>	
Scheme of delegation			
<p>It was noted during the review of the scheme of delegation that it is not-in line with the current governing board structure at Seven Fields Primary School.</p>	<p>We recommend that scheme of delegation is updated accordingly.</p>	<p>Noted.</p>	



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Description & Impact	Recommendation	Management Response	Category
Current year observations			
Employee contracts When 5 employee files were inspected 2 of them did not have signed contracts of employment.	We recommended that before an employee commences employment that a signed contract of employment is in place as a matter of best practice.	Historically the procedure was for all signed contract letters to be sent to SBC for filing on the HR file (no copy was taken) so any old employees may not have contracts on files. This point was picked up in the first RO visit of the year and the staff member responsible changed their procedures to keep a copy of any contract letter on their desk to chase until a signed copy was received from the employee. The issue of signed contracts was again raised by FS4S HR towards the end of the year when they did an audit for our HR, at this point it was agreed going forward that the amendment form which is forwarded to FS4S (and signed by the headteacher) is also signed by the employee. FS4S agreed that this would be adequate to be accepted as a 'signed contract' and this process is now in place.	●
Purchase transaction evidence Credit card transaction were tested in the year. Out of the sample tested one transaction was identified where there was no evidence of authorisation.	We recommended either the credit card statement is signed as a whole or each individual purchase invoice should be signed in order to evidence approval.	Noted, and process to be in place going forward.	●



Description & Impact	Recommendation	Management Response	Category
Current year observations			
Purchase transaction authorisation Credit card transactions were tested in the year. Out of the sample tested one transaction was placed and authorised by the same individual.	We recommended that where a purchase transaction is placed by the credit card holder that it is not them that then authorises the transaction as a matter of best practice.	Noted, and process to be in place going forward.	

- Observations refer to issues that are so fundamental to the system of internal control that management should address immediately to minimise the risk of a material misstatement within the financial statements
- Observations refer mainly to issues that have an important effect on the system of internal control and, if left uncorrected could potentially lead to a material misstatement within the financial statements.
- Observations refer to issues that would if corrected, improve internal control in general and engender good practice, but is unlikely to have a material impact on the financial statements