

Cawston Grange Primary School

Year Ended 31 August 2021

Management Letter

Prepared by
Dains LLP
15 Colmore Row
Birmingham
B3 2BH

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Internal controls issues

The academy trust's management is responsible for the identification, assessment, management and monitoring of risk, for developing, operating and monitoring the system of internal control and for providing assurance to the Board that it has done so.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to the academy trust.

In consequence, our work 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 develop.

We would be pleased to discuss any further work in this regard with the Board.

Our testing to date has identified the following significant control weaknesses which we consider should be brought to the Board's attention.

We have a system of grading our control weaknesses. Each weakness is graded based on the potential risk level to the academy trust: -

High	The academy trust is subject to levels of fundamental risk or inefficiency where immediate action should be taken to implement an agreed action plan;
Medium	Attention should be given to resolving the position as the academy trust may be subject to significant risks or inefficiency;
Low	Desirable improvements could be made to improve the control framework or strengthen the ability to mitigate against risks and improve efficiency;
Best Practice	Point brought to the attention of management as best practice only and the issue raised does not impact on the overall control environment.

Current Year Points

Risk Rating	Weakness	Risk	Recommendation	Management Response
Medium	Wages Authorisation It was noted during the audit that the School Business Manager authorises the payroll and there are no second authorisation or checks carried out.	There is a risk that incorrect payments could be processed through the payroll, thus materially misstating the financial statements.	It is recommended that a second stage of authorisation is implemented during the payroll process.	<i>The accounting officer is now involved in carrying out a review of the monthly payroll and authorising ahead of processing by the payroll provider.</i>
Low	Stock During the audit it was noted that the movement in stock was not posted.	Risk that stock is being recognised incorrectly within the financial statements.	Stock movements should be updated periodically to ensure that the year-end balance is correct.	<i>Management to post the adjusting journal on an annual basis.</i>
Low	Trade debtors During the audit a difference of £449 between the aged debtors report and the balance per the financial statements was noted.	Risk that trade debtors are stated incorrectly within the financial statements.	Reconciliations should be performed throughout the year to ensure that any differences between the trade debtors report and financial statements can be identified and actioned.	<i>Management are in the process of reviewing and reconciling the control account differences.</i>

Low	<p>Bank control accounts</p> <p>During our audit testing, we identified a difference of £214 between the expected bank balance (including unreconciled transactions) and the balance per the bank statement.</p>	<p>Risk that the cash at bank balance is stated incorrectly within the financial statements. This can limit the ability to plan future academy expenditure.</p>	<p>Differences between the cash at bank balance and the financial statements should be reconciled throughout the year.</p>	<p><i>Management are in the process of reviewing and reconciling the control account differences.</i></p>
Low	<p>Late posting of expenditure</p> <p>During our review of expenditure, we identified two instances of invoices being posted up to 6 days late. We were informed that this was due to staff error.</p>	<p>Risk that expenditure incurred is not recognised within the correct period.</p>	<p>Ensure that purchase invoices are posted to the nominal ledger on the same day that they are received.</p>	<p><i>This was noted as isolated incidents of human error.</i></p>
Low	<p>Employee records</p> <p>During our audit testing it was identified that personnel files are not up to date with the latest salary information for employees.</p> <p>Additionally, it was noted that some employee contracts had not been signed by the employee.</p>	<p>Risk that employees are paid at the incorrect rate, resulting in a misstatement of payroll costs within the financial statements.</p>	<p>Ensure that contracts with updated rates of pay are included with employees' HR files.</p> <p>Ensure contracts are signed by both the school and the employee.</p>	<p><i>Management confirmed that the academy is currently going through the process of a full audit of their personnel files to ensure that records are up to date and contain all necessary documents.</i></p>