

Cawston Grange Primary School

Year Ended 31 August 2022

Management Letter

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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	At the time of the audit, it was noted that month end procedures had not been performed. As such, adjustments for year-end prepayments, accrued income, accruals, deferred income and stock movements were not posted to the nominal ledger.	There is a risk that the income, expenditure, debtors and creditor balances within the financial statements are materially misstated.	Ensure that month-end procedures are performed to include prepayment, accrued income, accruals and deferred income movements and ensure that these are posted promptly on a monthly basis.	<i>Unfortunately, due to sickness within the admin team, resources were stretched, which in turn lead to a delay in posting. Also, the bank statements are not received until mid-month, which also delays the process.</i>
Low	It was identified during the audit that there were some instances of income being posted to the incorrect income nominal code.	There is a risk that income is not correctly classified which could affect monthly reporting and budget decision making.	It is recommended that a monthly review is performed of the income nominals to ensure that income has been classified in the correct nominal code.	<i>Noted by management.</i>

Previous Year Points

Risk Rating	Weakness	Risk	Recommendation	Current Year Update	Cleared?
Medium	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>No such issue noted in the current year.</i>	✓
Low	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>This remained the case in the current year.</i> <i>SBM has received training and can complete this moving forward.</i>	✗
Low	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>No such issue noted in the current year.</i>	✓

Low	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.	Risk that the cash at bank balance is stated incorrectly within the financial statements. This can limit the ability to plan future academy expenditure.	Differences between the cash at bank balance and the financial statements should be reconciled throughout the year.	<i>A similar difference, this year of £208, was identified.</i> <i>KN to review with CB next year.</i>	✗
Low	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.	Risk that expenditure incurred is not recognised within the correct period.	Ensure that purchase invoices are posted to the nominal ledger on the same day that they are received.	<i>No such issue noted in the current year.</i>	✓
Low	During our audit testing it was identified that personnel files are not up to date with the latest salary information for employees. Additionally, it was noted that some employee contracts had not been signed by the employee.	Risk that employees are paid at the incorrect rate, resulting in a misstatement of payroll costs within the financial statements.	Ensure that contracts with updated rates of pay are included with employees' HR files. Ensure contracts are signed by both the school and the employee.	<i>This remained the case in the current year. Due to date of final appraisals, this can cause delays at the beginning of an academic year. Support staff are unlikely to change annually and standard practice is to re-issue only if a change has occurred.</i> <i>All contracts issued after September 2021 are signed by staff and returned. However, a need to chase has been identified and will be actioned for 2022/23.</i>	✗