



> Cawston Grange Primary School

INTERNAL CONTROLS ISSUES.

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The academy trust 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
Low	Income Recognition Section 106 income was double counted within accrued income and trade debtors.	Risk that income within the financial statements is being overstated and the financial statements do not show the true position of income and accrued income.	Ensure the year end income is being correctly represented at year end.	<i>One off instance of human error.</i>

PREVIOUS YEAR POINTS.

Risk rating	Weakness	Risk	Recommendation	Cleared?
Low	<p>Income Recognition</p> <p>Incorrect Recognition of Pupil Premium Grant income and accrued income due to using prior year figures for calculation. Minimal error of £206 noted.</p>	Risk that income within the financial statements is being understated and the financial statements do not show the true position of income and accrued income.	Ensure the correct grant allocation is being accrued at year end.	Not cleared, as the first 25/26 pupil premium payment was used to incorrectly recognise the pupil premium income. Trivial difference of £1,402.
Low	<p>Trade creditors</p> <p>Outstanding invoices which were paid in September 2023 are not on the aged creditors report.</p>	Misstating trade creditors can lead to either an overstatement or understatement of an academy's liabilities on the balance sheet. An understatement may present a misleadingly positive financial position.	To mitigate the risk of trade creditors being misstated, the client should maintain robust internal controls, follow generally accepted accounting principles, and perform regular reconciliations and reviews of their accounts payable	No, trade creditors at year end haven't been correctly represented at year end.
Best Practice	<p>Accounting Information and Documentation</p> <p>During our work onsite it was noted that there is no procurement and tendering policy however, it has been referenced several times within the Trust's Financial Policy.</p>	Risk in the fact that not having a formal policy could lead to inconsistent treatment in procurement leading to purchases made through incorrect protocol.	To review and create the procurement and tendering policy in line with statutory requirements.	Yes, Procurement policy was drafted within the year.
Best Practice	<p>Accounting Information and Documentation</p> <p>Late Filing of the annual confirmation statement.</p>	Risk of Companies House warnings of strike off for the company as well as a potential for financial penalty.	File confirmation statement and other statutory documents in line within the allocated deadlines.	No, Annual confirmation statement was again filed late.
Best Practice	<p>Accounting Information and Documentation</p> <p>Invoice above £10K trustee approval not included within board minutes.</p>	Risk of invoices above £10,000 not going through the Trust's authorisation process.	Include which invoices have been approved by trustees within the board minutes to evidence approval was sought and obtained.	No, invoices related to the quad project and discussion around the tendering process hasn't been recorded in the board minutes.