




St John Bosco Catholic Academy
Audit Findings Report
Year Ended 31st August 2023

Approved by 

Date14.12.23.....



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We would point out that the matters dealt with in this report came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing an opinion on financial statements of St John Bosco Catholic Academy.

This report has been prepared for the sole use of the management of St John Bosco Catholic Academy and must not be disclosed to any third party, or quoted or referred to, without our written consent. No responsibility is assumed to any other person in respect of this report.

1. Executive Summary

As auditors we are required under the International Standards on Auditing 260 (ISA 260) to communicate matters arising from the audit of the financial statements to those charged with governance.

The purpose of this memorandum is to record the overall results of our work and to highlight those matters that came to our attention during the audit.

Financial review	The Academy has made an overall surplus in the year of £3,718,604 compared to a 21/22 surplus of £8,856,330. The 2023 surplus was significantly impacted by a £2,147,000 (21/22: £9,199,000) actuarial pension gain.
Key risks and audit approach	The key risks identified at the planning stage and the work conducted have been scheduled out in section 3.
Accounting policies and practices	We have considered the accounting policies to be appropriate for the Academy. Section 4 summarises the main accounting issues we have discussed with management.
Systems and controls	We have noted no fundamental weaknesses in the academy's accounting and financial control systems but we have noted recommendations for improvement in section 5 & 6.
Regularity	Our regularity checklist has been completed by management and responses provided by the MAC verified against supporting documentation. No issues to note.
Audit adjustments	For a detailed review of all adjusted and unadjusted misstatements please see Section 7.
Audit opinion	We propose to issue an unqualified audit report.

Acknowledgements

We would like to take this opportunity to thank the staff for all the kind assistance provided during the audit.

2. Financial Review

Annual Performance

	2023	2022
Fixed asset income	£931k	£1,311k
Conversion income (inc. pension)	£29k	(£1,564k)
Income before capital grants and conversion	£21,398k	£19,177k
Total incoming resources	£22,358k	£18,924k
Total resources expended	£20,786k	£19,267k
Actuarial gain/(loss) on pension	£2,147k	£9,199k
Net movement in funds	£3,719k	£8,856k
General funds carried forward	£4,335k	£4,400k

The above table outlines the financial performance of the MAC for the last two academic years.

Income generated before capital grants and conversion has increased by £2,221k (11.6%) which is primarily due to a full year's income from St Marks which accounted for £994k. The other key rises in income are due to; a 4.4% rise in basic entitlement per pupil which resulted in approximately £625k additional funding along with BOS English programme income rising from £347k to £564k. Furthermore, BAT received an additional £160k for free school meals through GAG, 16-19 budget share income rose £220k following a rise in Bishop Milner students and an 8.45% rise in funding rate.

The have been no new joiners to the MAC in 22/23, however, after calculation of the final balance due regarding St Marks Catholic Primary an additional £29k has been included.

Total expenditure rose by £1,519k compared to 2022 which is due predominantly to a full year's expenditure from St Marks £949k. Staff costs rose by £200k through teacher/admin pay awards along with increased supply cover. The remaining key costs relate to deliver the English hub programme increasing by £100k along with energy costs rising by £248k following the significant spike in prices through 22-23 due to the current economic climate.



2. Financial Review (cont.)

Funds

Statement of Financial Activities 2022/2023			
Net income/(expenditure)	1,571,604		
Actuarial gains/(losses) on DB	2,147,000		
Net movement in funds	3,718,604		
		Revenue Reserves	Capital Reserves
Funds at 01/09/22	4,400,203	7,339,381	- 3,244,000
Total movement	- 64,832	1,806,436	1,977,000
Funds at 31/08/23	4,335,371	9,145,817	- 1,267,000
	Unrestricted & Restricted Reserves	Capital Assets	Long term liability
	64,832	1,806,436	1,977,000
			Total
			8,495,584
			3,718,604
			12,214,188

The reserves of the MAC at 31 August 2023 amounted to a £12,214k. The table above shows an analysis of reserves between capital funds, pension liability and revenue reserves.

Revenue reserves are generally considered the best way to identify the underlying financial performance of a MAC. The above shows an operating surplus of £1,572k for the year and accumulated funds of £4,335k at the end of the year.

3. Audit approach and audit risk

Our planning letter highlighted the key risks that our audit would focus on and the work we planned to perform to address them. Below is a summary of the key risk, the work performed and our findings.

Risk	Work performed	Conclusion
Income recognition	<p>A detailed review of income has been completed to confirm the accuracy of cut-off.</p> <p>Enquires made to confirm no claw-back provision is required.</p> <p>ESFA income reconciled to remittances and enquiries made to establish whether clawback is necessary.</p>	No issues noted in 22/23.
Management override	Review conducted for journals, accounting estimates and any unusual items.	No evidence has been noted of management bias or override of internal controls.
Valuation of pension scheme deficit	A review conducted on pension adjustments and accounts disclosures.	A review of the actuarial report has been carried out and the necessary adjustments made to the accounts. There is a £53k difference between the employer contributions in the accounts and the pension report which is considered immaterial.

3. Audit approach and audit risk (cont.)

Risk	Work performed	Conclusion
Capital Projects	All transactions relating to capital projects have been reviewed to confirm the relevant accounting treatment has been applied. Expenditure funded by grants has also been reviewed to gain assurance that it is incurred in line with terms and conditions of any grants. Procedures for major capital projects have been reviewed.	Expenditure for capital projects appears to have been legitimately incurred from our review.
Funds	Accounts workings have been reviewed along with fund reconciliations to determine that the accounts presentation is accurate.	The statutory accounts demonstrate the correct allocation of funds required.
Going Concern	Review of three year forecasts (including cash flows), bank covenants and bank facilities.	No major areas of note were identified on our review of going concern.

4. Accounting practices and financial reporting

During the course of our audit we consider the accounting practices, accounting policies adopted that have a significant impact on the information and disclosures in the financial statements.

Aspect considered	Conclusion
Accounting policies	We have not noted any significant errors or issues relating to the accounting policies adopted by the Academy.
Estimates and judgements	The major accounting estimate within the accounts relates to the valuation of the Local Government Pension Scheme, calculated by Hymans Robertson LLP. Our review of their report would suggest the year-end position is suitably estimated.
Accounting treatment	Errors identified in the accounting treatment of items have been noted in section 7.
Financial statement disclosures	The financial statements have been reviewed including disclosures made.
Unusual transactions to report	Nothing to note.
Strategic/directors'/governors report disclosures	The Trustee's report has been reviewed and all appropriate disclosures are included.

5. Accounting and financial control systems

We are required to report to those charged with governance any significant weaknesses in the internal control environment that we have noted as part of our audit.

From the audit work performed we have noted the following weaknesses in internal control.

We have categorised our findings as follows:



Fundamental
 Action is imperative to ensure that the objectives are met



Significant
 Requires action to avoid exposure to significant risks in achieving objectives



Merits attention
 Action is advised to enhance control or improve operational efficiency

Control area

Comment

Management response

Purchase credit note reserve	One instance noted whereby invoice has been double posted within the accounts at BAT. A credit note has been received in September 2023 however expenditure is overstated for 22/23. CK recommend that invoices are reviewed prior to posting to the ledger.	Agreed.
Sales invoicing	One instance to note whereby Hire of facilities occurring at St Mark's however sales invoices are not raised for these services. CK recommend sales invoices are raised to ensure traceability of services provided and fees due to the MAC.	Agreed, to be aligned with MAC procedures in 23/24.
Income processing	Three instances to note whereby income clawback processed through expenditure rather than allocating against income therefore causing an immaterial overstatement of both income and expenditure. CK recommend that income is processed in accordance with its nature.	Agreed.

6. Follow up of previous year recommendations

Fundamental
 Action is imperative to ensure that the objectives are met



Significant
 Requires action to avoid exposure to significant risks in achieving objectives



Merits attention
 Action is advised to enhance control or improve operational efficiency



Control area

Comment

Status

Control area	Comment	Management response	Status
Bank Posting	<p>From review of the year-end bank reconciliations for Stuart Bathurst and St John Bosco it was noted that significant transactions had been mis posted within the accounts resulting in adjustments at the accounts stage, please see section 7.</p> <p>The issues are caused by an overlap of duties between school level staff and the central team.</p> <p>CK recommend that the posting of bank transactions have an appropriate scheme of delegation to avoid overlap. Furthermore, when bank reconciliations are reviewed any significant reconciling items must be appropriately scrutinised to ensure the accounts remain accurate.</p>	<p>A review of finance processes and bank reconciliations will be undertaken with the schools to ensure their level of understanding is there to ensure this error does not happen again</p>	<p>No issues in 22/23.</p>
Members Disclosure	<p>Government Get information has not been updated to show the current status of MAC members.</p> <p>CK recommend Get information disclosed is reviewed periodically to ensure in line with MAC governance.</p>	<p>The members have now been added to Get Information and will be monitored regularly through the MAC Governance Lead</p>	<p>Up-to-date for 22/23, no issues to note.</p>

6. Follow up of previous year recommendations (cont.)

Control area	Comment	Management response	Status
Accruals and prepayments	<p>Accruals per the nominal ledger did not agree back to total of year end accruals and accruals by school. On investigation the majority of the difference related to opening balance brought forward by PSF from 2020 which had not been reversed against the wrong nominal ledger code. The opposite entry being prepayments and deferred income.</p> <p>There was not list of prepayments produced at the year end to agree back to the figure in the nominal ledger. In reconciling the year end position we noted several amounts being carried forward as prepayments which need to be cleared down. The amounts were below materiality so have not been noted as an adjustment but we recommend these are cleared in the current year.</p> <p>We also recommend that the prepayment nominal ledger is reviewed at the end of the year to a list of closing prepayments.</p>	Noted will be reconciled going forward	No issues to note in 22/23
Accrued Income	<p>One instance noted whereby letting of site during summer holidays had not been accrued. Amount deemed trivial therefore accepted.</p> <p>CK recommend that invoices around year end are reviewed to ensure all income is correctly recognised.</p>	Any further lettings will be invoiced/accrued in time for the final accounts work going forward.	No issues to note in 22/23.

6. Follow up of previous year recommendations (cont.)

Control area	Comment	Management response	Status
<p>CIF Projects 21-22</p>	<p>From review of CIF projects 21-22, it was noted that the final submission of costs had not been made therefore the final income payment has not been received from the ESFA at year end. This had originally caused a significant shortfall within the accounts as this income had not been accrued, please see section 7 for the accounts adjustment. Furthermore, the BIS Windows project at year end has a potential underspend therefore a clawback may be required.</p> <p>CK recommend that CIF projects are regularly reviewed and reconciled to the accounts and funding schedule to ensure accuracy in disclosure.</p>	<p>NCIF Projects are currently led by our consultants Make who complete the final submissions once the project is finished. For 22/23 CIF projects this will be considered and final income/any clawbacks will be obtained where possible prior to the accounts work being undertaken.</p>	<p>Provided at accounts stage for 22/23, no issues to note.</p>

7. Unadjusted/adjusted misstatements

A summary of the unadjusted/adjusted misstatements identified during the course of our work is set out below.

Description	Adjusted Misstatements		Unadjusted Misstatements	
	Profit & Loss effect Dr/(CR) £	Balance Sheet effect Dr/(CR) £	Profit & Loss effect Dr/(CR) £	Balance Sheet effect Dr/(CR) £
Per Client Accounts originally posted – (surplus)	(1,741,604)			
Accounts Adjustments FRS 102 Pension adjustment	170,000			
Surplus at beginning of audit	<u>(1,571,604)</u>			
Unadjusted Misstatements				
Intercompany balance held within debtors (St Mary's & St Marks)			<u>15,217</u>	<u>(15,217)</u>

8. Independence

In accordance with International Standard on Auditing (UK) 260 "Communication with those charged with governance", there are no changes to the details of relationships between CK Audit and St John Bosco Catholic Academy that may reasonably be thought to bear on CK Audit's independence and the objectivity of the senior statutory auditor, **Wendy Davies** and the audit staff and the related safeguards from those disclosed in our audit planning letter.