

Our Ref: BSPE6844/JS/S/MH  
Your Ref:  
Date: 7 November 2022



## **PRIVATE & CONFIDENTIAL**

The Board of Trustees  
Pewsey Vale School  
Wilcot Road  
Pewsey  
Wiltshire  
SN9 5EW

Dear Sirs

### **2022 Audit and Regularity Assurance Engagement of Pewsey Vale 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;
- Fraud in revenue recognition.



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## **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 Wendy Assirati and Johnny Cameron on 15 November 2022.

- Review of financial statements including Trustees report
- Unadjusted and adjusted misstatements

## **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 any 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 LLP**



## APPENDIX I

### Control Observations and Recommendations

#### KEY:



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.




Observations identified in previous periods have been resolved.



#### Current year observations

Trustees as members	
	
Of the fourteen Trustees who were in position at the year end, nine were also members. Per the Academies Trust Handbook, there should be significant separation between the individuals who are members and those who are Trustees.	<p><b><u>Recommendation</u></b> We recommend that the Trust seeks to limit the number of members who also sit on the Board of Trustees to maintain objectivity. Per the Academies Trust Handbook, the majority of members should be independent from the Board of Trustees.</p> <p><b><u>Management comment</u></b> This will be actioned in February 2023.</p>



Maintenance of fixed asset register	
	
<p>No fixed asset register is maintained at the Trust. The Academies Trust Handbook states that Trust's must establish a control framework that includes management and oversight of assets including maintenance of a fixed asset register.</p>	<p><b><u>Recommendation</u></b> We recommend that a fixed asset register is maintained by the finance team. The register should detail additions, disposals and depreciation charged in the year, and should reconcile to the accounting system.</p> <p>A fixed asset register will be provided alongside the signed financial statements for the Trust to maintain going forward.</p> <p><b><u>Management comment</u></b> Agreed.</p>

### Update on prior year observations

Employment contracts	
<p>PY:  CY: </p>	
<p>It was noted during our review of employee existence that not all employment contracts are signed by both the Trust and the employee. All contracts should be signed by both parties to enable us to gain assurance that they have been appropriately authorised and accepted by both parties.</p>	<p><b><u>Recommendation</u></b> We recommended that all employment contracts going forward are signed by both the Academy and the relevant employee.</p> <p><b><u>Current year update</u></b> During the employee existence testing this year, several instances were noted of employee contracts not being signed. The Trust should seek to obtain signed contracts for all current employees to mitigate the risk of disputes arising regarding employment terms.</p> <p><b><u>Management comment</u></b> The previous recommendation was acted upon, and the new recommendation will be acted on.</p>



Payroll authorisation	
<b>PY:</b> <input checked="" type="checkbox"/> <b>CY:</b> <input type="checkbox"/>	
<p>It was noted during our payroll testing that monthly payroll is not always reviewed and signed off by management. Although payroll is outsourced to Wiltshire County Council, it should be reviewed by management each month to ensure it is in line with expectations.</p>	<p><b><u>Recommendation</u></b> We recommended that each month payroll is reviewed and signed off by member of management such as the Headteacher to confirm accuracy and completeness of the payroll data.</p> <p><b><u>Current year update</u></b> Now being carried out.</p>
Employee ID	
<b>PY:</b> <input checked="" type="checkbox"/> <b>CY:</b> <input checked="" type="checkbox"/>	
<p>It was noted during the review of employee existence that photographic identification is not held on file for some employees. Identification should be held by the school for right to work purposes.</p>	<p><b><u>Recommendation</u></b> We recommended that photographic ID is held on file for all employees to comply with the right to work requirements.</p> <p><b><u>Current year update</u></b> Several instances were noted of employee identification not being held in personnel files during the payroll testing.</p> <p><b><u>Management comment</u></b> The previous recommendation was acted upon, and the new recommendation will be acted on.</p>