



STABLES THOMPSON & BRISCOE

CHARTERED ACCOUNTANTS & REGISTERED AUDITORS

Lowther House, Lowther Street, Kendal, Cumbria LA9 4DX
Tel: (01539) 720465 Fax: (01539) 740209
Email: enquiries@stb-accountants.co.uk www.stb-accountants.co.uk

19 November 2018

PRIVATE AND CONFIDENTIAL

The Governors
Stramongate School
Blackhall Road
Kendal
Cumbria
LA9 4BT

Dear Sirs,

Report to Management

During the course of our audit and regularity assurance engagements for the year ended 31 August 2018 a number of matters arose which we consider should be brought to your attention.

Accompanying this letter is a memorandum noting these points together with any recommendations we have for possible improvements which could be made.

These matters came to light during the course of our normal providing a limited assurance conclusion on regularity. Our tests may not necessarily disclose all errors or irregularities and should not be relied upon to do so. However, if any irregularity did come to our attention during our audit tests, we would, of course, inform you immediately.

We have complied with the Financial Reporting Council's Ethical Standard and all threats to our independence, as identified to you in our planning meeting of 30 August 2018, have been properly addressed through appropriate safeguards. No additional facts or matters have arisen during the course of the audit that we wish to draw to your attention and we confirm that we are independent and able to express an objective opinion on the financial statements.

This report has been prepared for the sole use of the governors of Stramongate School Academy Trust. We understand that you are required to provide a copy of this report to the Education and Skills Funding Agency. With the exception of this, no reports may be provided to third parties without our prior consent. Consent is, and will only be, granted on the basis that such reports are not prepared with the interests of anyone other than the academy in mind and that we accept no duty or responsibility to any other party. No responsibilities are accepted by Stables Thompson & Briscoe towards any party acting or refraining from action as a result of this report.

We would be grateful if you could enter the academy's comments in the space between points and return it to us in due course.

Finally, we would like to express our thanks to all members of the academy's staff who assisted us in carrying out our work.

Yours faithfully,

Stables Thompson & Briscoe

Stables Thompson & Briscoe Ltd – Registered in England – Company number 6329610

Registered office – 87 Hayclose Crescent, Kendal LA9 7NT

Directors: Chloe Chapman-Hastwell ACA – Phil Cottam – Helen Holmes FCA – Francis Tidmarsh BSc Econ

SIGNIFICANT MATTERS RELEVANT TO OUR AUDIT AND REGULARITY ASSURANCE ENGAGEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

Audit approach

Our general audit approach was determined by our assessment of the audit risk, both in terms of the potential misstatement in the financial statements and of the control environment in which the company operates.

To summarise our approach, we:

- updated our understanding of the business and its environment;
- reviewed the design and implementation of key internal financial control systems; and
- planned and performed an audit with professional scepticism recognising that circumstances may exist that cause the financial statements to be materially misstated.

Significant risks arise on most audits and are often derived from business risks that may result in a material misstatement, relate to unusual transactions that occur infrequently, or judgemental matters where measurement is uncertain. In areas where we identified the potential for significant risk, we extended our audit testing to include more detailed substantive work. Our work in other areas was proportionally less.

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements. In general, misstatements, including omissions, are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in the light of surrounding circumstances, and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both.

There were no changes to our audit approach as discussed at our meeting.

Summary of significant audit findings:

The following points were noted during the audit of the Academy Trust:

- Following updated guidance from the ESFA in respect of irregularity in academy trusts, we suggest that the expenses policy be updated. It should remove references to alcohol claims or make it clear that this is prohibited.

Internal controls

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our audit is, therefore, not designed to identify all control weaknesses and there are no new matters that we wish to report.

20/11/18
Policy changed to reflect this point.

Update on prior year's management letter points

Audit issues communicated in last year's management letter and our proposed approach to each of these areas, in light of developments in the year are outlined below:

- The school is still not registered for Gift Aid which could potentially increase income by 25p for every £1 donated, therefore the school should consider looking into the possibility of registering for Gift Aid.
- There is still no formal procedure for identifying provisions, contingencies and commitments. However, it is considered at Governor meetings and regularly discussed so this isn't an issue.

School has looked into this. Not financially viable at this point.

*MD
20/11/18*

Summary of audit differences and draft letter of representation

There were the following unadjusted misstatements noted during our work:

- Noted* • Depreciation totalling £416.00 should have been accounted for but due to a formula error was missed off the depreciation schedule.
- Noted* • An invoice for £333.00 for work done in the year was received late and therefore has been included in the 31st August 2019 accounts instead.

*MD
20/11/18* We have attached a draft letter of management representations required in connection with our audit.
Outstanding matters

Prior to issuing our audit report we require:

- the signed letter of representation;

provided.

*MD
20/11/18*

Anticipated audit report

We anticipate that we will issue an unmodified audit report for the year, subject to the satisfactory clearance of any outstanding/unresolved matters outlined in this report.

Regularity assurance engagement findings

We conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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 anticipate that we will issue an unmodified regularity assurance report for the year, subject to the satisfactory clearance of any outstanding/unresolved the matters outlined in this report.