

Our Ref: BSHA6021/JS/C/O L
Your Ref:
Date: 25 November 2019



PRIVATE & CONFIDENTIAL

The Board of Trustees
Hardenhuish School Limited
Hardenhuish Lane
Chippenham
Wiltshire
SN14 6RJ

Dear Sirs

2019 Audit and Regularity Assurance Engagement of Hardenhuish School Limited

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

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.

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;
- Revenue recognition.



A member of Kreston International | A global network of independent accounting firms

Bishop Fleming is a trading name of Bishop Fleming LLP, a limited liability partnership registered in England and Wales No. OC391282. Registered office: Stratus House, Emperor Way, Exeter Business Park, Exeter, Devon, EX1 3QS. A list of members' names is available at the office address.

A: 16 Queen Square
Bristol
BS1 4NT

T: 0117 9100 250
E: bristol@bishopfleming.co.uk
W: bishopfleming.co.uk



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 The Trustees on 25 November 2019.

- Accounts presentation

- Trustees' report

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.

Independence

We have complied with the Financial Reporting Council's Ethical Standard and all threats to our independence, as identified to you our audit plan, 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.

Unadjusted items

We do not deem the total of the unadjusted items to be material to the financial statements. Within our letter of representation, we request you confirm that the effects of not recording such misstatements identified in the financial statements are, both individually and in the aggregate, immaterial to the financial statements of the Academy Trust as a whole.

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.

Representation Letter

We attach a draft of our representation letter, which should be reviewed, signed and returned to us by the Board of Trustees.



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 Company 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.

We would be grateful if you could enter the comments against each point under the "management response" column of the memorandum and return it to us in due course.

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.

Other matters

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

Description & Impact	Recommendation	Management Response	Category
Current year observations			
Trade creditors control account and opening balance differences			
<i>We noted that the aged creditor listing did not agree to the trade creditor control account by £4,368 and the opening balances did not agree to the prior year signed accounts by £541. Whilst the amounts are immaterial adjustments any management information produced during the year would have been misstated.</i>	<i>We recommend that management reconcile all control accounts and brought forward reserves as part of the month end process to avoid any potential mispostings.</i>	<i>These were both one off issues as a result of the change in finance system this year. Both issues have now been addressed and additional controls have been brought into place to ensure no differences will arise going forwards.</i>	
Update on previous year observations			
Prior year issue and recommendation	Current year update	Management Response	Category
Fixed Asset Register <i>In the prior year we discovered several assets listed on the fixed asset register that were no longer in use. In addition the brought forwards did not agree to prior year accounts. We recommended that the fixed asset register is maintained accurately throughout the year.</i>	<i>We found no issues with assets on the register not being in use this year and the brought forward balance agreed to the prior year accounts.</i>	<i>Fixed asset register was maintained appropriately during the year.</i>	

-  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



A member of Kreston International | A global network of independent accounting firms

Bishop Fleming is a trading name of Bishop Fleming LLP, a limited liability partnership registered in England and Wales No. OC391282. Registered office: Stratus House, Emperor Way, Exeter Business Park, Exeter, Devon, EX1 3QS. A list of members' names is available at the office address.

A: 16 Queen Square
Bristol
BS1 4NT

T: 0117 9100 250
E: bristol@bishopfleming.co.uk
W: bishopfleming.co.uk

