

Our Ref: BSHA6021/JS/BB/JT
Date: 21 November 2022



PRIVATE & CONFIDENTIAL

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

Dear Sirs

2022 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 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.



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: 10 Temple Back
Bristol
BS1 6FL

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

Key audit and accounting issues were discussed and agreed at our closing audit meeting with The Trustees on 21 November 2022.

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.

Unadjusted items

We did not identify any unadjusted items in our work.

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.

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.

Accompanying this letter is a memorandum noting our significant regularity observations together with any recommendations we have for possible improvements which could be made. See Appendix I.

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

A handwritten signature in black ink that reads "Bishop Fleming LLP". The signature is written in a cursive, flowing style.

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

No current year observations



Update on prior year observations

Opening Balance Issue - Resolved	
	
<p>It was noted during the prior year that the total opening reserves position per the trial balance differed from the prior year signed accounts by £224k.</p> <p>We identified the majority of the difference which related to missed fixed asset opening balance adjustments. However once corrected this leaves an unreconciled difference of £21k.</p> <p>This would mean that the reserves position reported in the monthly management accounts to the Trustees would be misstated by the difference.</p>	<p><u>Recommendation</u> We recommended that the opening reserves position is reconciled to the prior year accounts as part of the month end procedure. Any differences should be investigated and reconciled to ensure the correct reserves position is reported.</p> <p><u>Management comment</u> The 19/20 year-end position was reconciled by the newly appointed Finance Manager and the full reconciliation shared with external auditors. Moving forward the opening reserves position will be reconciled as part of the month end processes, to ensure accuracy within the reported accounts position.</p> <p><u>2022 Audit Update</u> No issues were noted with the opening balances. Comfort gained that the issue has been rectified.</p>
Fixed Asset Register Differences - Resolved	
	
<p>The fixed asset register maintained by the Academy significantly differed to the accounts with numerous additions not reported on the register. We also noted that several assets had been over-depreciated and assets that should have been fully depreciated had not been fully written down in line with the depreciation policy.</p>	<p><u>Recommendation</u> We recommended that the fixed asset register is maintained and reconciled to the accounts as part of the month end procedure. Any differences between the register and the accounts should be investigated and reconciled. The register should be reviewed to ensure no asset is over-depreciated.</p> <p><u>Management comment</u> The fixed asset register is to be reconciled to the accounts as part of the month end process, to ensure accuracy moving forward. Any differences will be fully investigated and reconciled.</p> <p><u>2022 Audit Update</u> During the current year's audit, no significant differences were noted following our review of fixed assets. Comfort gained that the issue has been rectified.</p>