

The Kite Academy Trust

Summary of audit findings for the year ended 31 August 2019



Report to the trustees and summary of audit findings

The Kite Academy Trust

Year ended 31 August 2019

SIGNIFICANT MATTERS RELEVANT TO OUR AUDIT AND REGULARITY ASSURANCE ENGAGEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

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.

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There were no changes to our audit approach.

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 the matters reported on the attached schedule are limited to those deficiencies that we have identified during the audit.

Outstanding matters

Prior to issuing our audit report we require:

- the signed letters of representation;
- a copy of the academy's most recent management accounts showing a comparison against budget.
- Signed journals

Anticipated audit report

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

SUGGESTED IMPROVEMENTS

Level	Current Procedure	Possible Consequences	Suggested Improvement	Management Response
1	Credit card statements are received at individual schools and passed to the central team once checked to back-up documents. The expenditure is then posted onto PS Financials.	In some instances the costs and the related liability are recorded on PS Financials after payment has been taken. Accounting is not on an accruals basis and so there is the risk costs are not recognised in the correct period, particularly around year end.	Consider statements being sent directly to the central team. Alternatively look at aligning the statement dates with month end, or getting online banking access. This would help to minimise any delays in receipt of information in time for the month end cut-off.	The Kite Academy has moved to a new Multipay card system with Lloyds Bank, which will provide online statement access for the central finance team. Online statement access will significantly reduce delays in recognising expenditure.
1 (R)	For the three CIF projects tendered, the number of quotes obtained (3) was not in line with the number required by the Kite finance policy (4). Three quotes were also obtained for the school expansion works, as one invited supplier was unable to provide a tender.	Expenditure has been made outside of the tendering limits set in the Kite finance policy, as approved by the Trustees.	Ensure that the Kite finance policy is adhered to, even where fewer quotes are required by the grant framework. Any variance from the policy should be authorised by the Trustees. It should be considered whether the policy could be amended to require a lower level of quotes for future CIF bids.	The Finance Policy will be updated in line with ESFA and CIF requirements.
1 (R)	Get Information About Schools (GIAS) has not been updated to reflect the latest governance details for the MAT and for the local governance details of a number of schools (HLG/LAK/WYK).	The information held at GIAS is inaccurate. The DfE's guidance states to ensure this information is kept current, confirming its accuracy every 90 days at a minimum.	Update the details identified on the GIAS as soon as possible. Implement quarterly checks to ensure that the governance arrangements are accurate, at both a MAT and school level.	GIAS is now up to date and this has now been taken on by the central team to ensure ongoing compliance.

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<p>2 (R) (P)</p>	<p>At the time of the audit there were a number of details which were not fully up-to-date on the Trust website and on those of the individual schools. This included:</p> <ul style="list-style-type: none"> - Incomplete pecuniary business interests for Trust governors - Incomplete governance details for local governing bodies (at FHI/GRO/MYT), including disclosure of business interests and meeting attendance. <p>In addition, declaration forms could not be located for two members of the key management personnel.</p>	<p>It is a requirement of the AFH that trusts must be transparent with governance arrangements and ensure governors' pecuniary and business interests are available on their website.</p> <p>Guidance has also been issued by the DfE, confirming information which academies should publish on their website.</p>	<p>We recommend that the MAT and school websites are updated as soon as possible to ensure compliance with this requirement.</p> <p>See AFH 2.47</p>	<p>The websites are now up to date and this has now been taken on by the central team to ensure ongoing compliance.</p> <p>New clerking arrangements are in place for this academic year.</p>
<p>2 (R) (P)</p>	<p>At the time of the audit pupil premium grant expenditure details disclosed on the school websites did not include an impact report for the use of the 2018/19 grant funding.</p> <p>Similarly, the sports premium report published are not up to date at two schools (CRO/FHI) and, at the time of initial checks, were not for a further three (GRO/HLG/LAK).</p>	<p>Potential non-compliance with the terms of the grant, which specify information on how the funding has been used should be published on the school website by the end of the Summer Term (so July 2019 for the grant received in July 2018).</p>	<p>Review the information disclosed on the school website and ensure that this is up to date and in line with the latest DfE guidance</p> <p>(https://www.gov.uk/guidance/wh-atacademies-free-schools-andcolleges-should-publish-online)</p>	<p>This has now been taken on by the central team to ensure compliance.</p>

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Level 1 - Low **Level 2 - Medium** **Level 3 - high**

(R) = suggested improvement is a regularity assurance engagement finding

(P) = suggested improvement was also identified in the prior year

Please note that this report has been prepared for the sole use of The Kite Academy Trust. It must not be disclosed to third parties, quoted or referred to, without our prior written

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Regularity assurance engagement findings

We conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2016 to 2017 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.

Regularity

Our engagement included examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw our conclusions included:

- An assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry;
- Identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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.