



**williams giles**  
Chartered Accountants

20 December 2018

The Trustees  
Diocese of Canterbury Academies Trust  
Unit 31a, Folkestone Enterprise Centre (Basepoint)  
Shearway Business Park  
Folkestone  
Kent  
CT19 4RH

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 audit and assurance tests which are designed to assist us in forming our opinion on the financial statements and 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 and assurance tests, we would, of course, inform you immediately.

This report has been prepared for the sole use of the trustees of The Diocese of Canterbury Multi 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 Williams Giles 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 against each point under the "management response" column of the memorandum 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

**Williams Giles**

**Office & Registered Office:**

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Williams Giles is the trading name of Williams Giles Professional Services Ltd a company registered in England and Wales Co. No. 11411023.

A list of company directors can be found at the above address.

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**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 previously communicated to you.

**Summary of significant audit findings**

<b>Significant risk area identified at planning</b>	<b>Findings, significance and recommendations</b>	<b>Management response / timetable for action</b>
Wages	<b>AMBER</b> - A number of minor issues were identified with calculations on salaries. It should be ensured that each month the Wages calculations are reviewed for reasonableness prior to payment.	It is a requirement of our month end processes that each academy checks the payroll pre-run report as well as providing a monthly payroll reconciliation to ensure the payroll calculations are correct
<b>Other areas where issues were identified during the audit</b>	<b>Findings, significance and recommendations</b>	<b>Management response / timetable for action</b>
Transactions between schools in trust.	<b>AMBER</b> - Transactions were seen to be made between schools. It needs to be ensured that these net off to £nil at all times. It is recommended that these are reviewed monthly as part of the month end process.	We have now set up new nominal codes for income/expenditure to deal with intercompany transactions. The Trust will review this on a monthly basis
Fixed Assets	<b>AMBER</b> - Fixed asset registers do not reconcile to the Fixed asset inventories. The location of assets cannot be easily identified. It is recommended that a review take place to ensure that all fixed asset locations are up to date and that this is reconciled to the financial statements.	Noted – the Trust plan to have a thorough review of all assets within academies during 2018/19 to ensure accuracy
Employee contracts are not up to date.	<b>GREEN</b> - In a number of instances the current salary of individual staff members could not be reconciled to the contracts/update to salary. This should be updated with each and every salary update.	Noted – academies are aware of the need to ensure contracts and salary assessment/pay awards are correct and documented in personnel files. The Trust will continue to monitor this



### 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 below are limited to those deficiencies that we have identified during the audit.

Control weakness identified and significance	Potential Implications and recommendations	Management response / timetable for action
Purchases	See update on prior year's management letter points below	

### 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:

Findings / recommendations	Status in current in year	Management response / timetable for action
Fixed Assets	<b>GREEN</b> – a number of capital items were identified as having been posted as revenue expenditure. We recommend that any items of a capital nature are captured and recorded as such.	Noted
Purchases	<b>AMBER</b> – a number of items of expenditure did not have valid purchase orders attached, We recommend that the purchase order system is strictly followed.	Noted – academies have been instructed to adhere to a strict PO system.
MAT transactions	<b>RED</b> – the monthly journal to reconcile the position between the trust and individual schools does not always balance, this is causing compounding errors that are becoming more difficult to reconcile – we strongly recommend a review with the system provider to establish the reason for a timing difference. It should be ensured each and every month that this is cleared down to zero across the trust.	Noted – the Trust will monitor and reconcile the monthly journal from September 2018 to ensure this is cleared down to zero
Conversion balances	No issues arisen.	



### Summary of audit differences and draft letter of representation

Attached is a schedule of all of the unadjusted misstatements noted during our work. We would be grateful if you could review these and confirm that you are satisfied that none of these need to be adjusted for in the financial statements.

We have also attached a draft letter of management representations required in connection with our audit.

### Regularity assurance engagement findings

We conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2016 to 2017 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. The work undertaken to draw our conclusions included:

- An assessment of the risk of material misstatement and irregularity
- Testing and review of areas identified through risk assessment including enquiry, inspection and review, observation and re-performance
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime
- Consideration of evidence obtained through the work performed as part of our 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.

Regularity issues brought to your attention in connection with the regularity assurance engagement are as follows:

Findings and significance	Potential implications / financial impact and recommendations	Management response / timetable for action
Alcohol Purchase	GREEN – No implications in the year under review, however the academies financial handbook 2018 states that Alcohol purchases is not an appropriate use of funds.	Noted. Academies have been advised accordingly.
Register of Business Interests	AMBER - The register of business interests on the Trust website is not up to date. The academies financial handbook requires this is updated regularly.	Noted. This will be updated imminently.