

Our Ref: ACJ / BI6411 / JH

9 December 2015

The Trustees
Bicester Learning Academy
The Cooper School
Churchill Road
Bicester
Oxfordshire
OX26 4RS
TN31 7NQ

Whitley Stimpson Ltd
Penrose House
67 Hightown Road
Banbury
Oxfordshire
OX16 9BE
+44 (0) 1295 270200
+44 (0) 1295 271784

whitleystimpson.co.uk

Dear Trustees

Bicester Learning Academy – Report to the Trustees for the Period Ended 31 August 2015

This report summarises the key issues arising during our audit and regularity assurance report of the Bicester Learning Academy (the Academy) for the period ended 31 August 2015, and communicates those matters we are required to communicate to those charged with governance in accordance with International Standards on Auditing (ISAs).

The matters detailed in this report 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 report 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 assurance audit tests, we would, inform you immediately.

This report has been prepared for the sole use of the Trustees and management of the Academy. We understand that you are required to provide a copy of this report to the Education Funding Agency (EFA). With the exception of this, our report must not be shown 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 Whitley Stimpson Limited towards any party acting or refraining from action as a result of this report.

We have already discussed the contents of this report with management and the comments reflect their views where appropriate, including the responses to the matters detailed in section 6 of the report.

Finally, we would like to express our thanks to the Academy's staff, in particular Janice Davison and Nia Jeacock, for their assistance and courtesy afforded to us during the course of the audit.

If you have any questions in relation to this report or if we can be of any further assistance to you, please contact Andy Jones.

Yours faithfully



Whitley Stimpson Limited

PARTNERS IN YOUR PROGRESS

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Registered office at Penrose House, 67 Hightown Road, Banbury, Oxfordshire OX16 9BE
A list of directors is available for inspection at the registered office.

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Details about our audit registration can be viewed at www.auditregister.org.uk, under reference number C003795019

📍 Whitley Stimpson Ltd
Penrose House
67 Hightown Road
Banbury
Oxfordshire
OX16 9BE

☎ +44 (0) 1295 270 200

📠 +44 (0) 1295 271 784

Bicester Learning Academy

Report to the Trustees for the Period Ended 31 August 2015

1 Engagement Objectives

Our audit engagement objectives were:

- to audit the financial statements of the Academy and to report to the Academy's members accordingly;
- to provide a reporting accountants' assurance report on the Academy's regularity and to report to the Academy's members and the EFA accordingly; and
- to concisely and constructively report to management and the Trustees on matters arising from our audit work, including drawing your attention to significant deficiencies in internal control that come to our attention.

2 Audit Approach

Our general audit approach is 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 Academy operates. To summarise our audit approach, we:

- updated our understanding of the Academy and its environment;
- reviewed the design and implementation of key internal financial control systems, including where appropriate, reviewing the reports issued by the Academy's Responsible Officer or internal assurer or auditor;
- obtained evidence to support the Academy's regularity in relation to the income received and expenditure disbursed during the period; 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 in our audit planning letter dated 16 September 2015.

3 Summary of Key Audit and Accounting Issues

Significant risk areas identified at the planning stage	Findings and conclusions
<p>As dictated by the International Standards on Auditing (ISAs), we are required to consider income recognition as a significant risk, unless substantial evidence exists to rebut this presumption.</p>	<p>During the course of the audit, we performed appropriate audit procedures to gain assurance that there were no material misstatements in the Academy's income recognition. These procedures included a review of the design and implementation of internal controls, performing analytical review procedures, proof in total calculations and other substantive testing, including checking a sample of transactions to source documentation. We also reviewed the treatment of income to ensure consistency with the stated accounting policies, relevant accounting standards, the Charities SORP and the Academies Accounts Direction. From the audit procedures completed, we identified certain adjustments relating to income recognised at year end, which are detailed in section 4 of our report below. No other issues arose from our work.</p>
<p>Under the International Standards on Auditing (ISAs), management override is automatically deemed to represent a significant audit risk.</p>	<p>During the course of the audit we reviewed the design and implementation of the controls in relation to the posting of journal adjustments, as well as substantively testing the substance of a sample of journal entries. We also reviewed areas of specific management judgement and estimation. No indications of management bias were identified during the testing or throughout the rest of our audit testing.</p>
<p>Related and connected parties</p>	<p>We reviewed the list of related and connected parties provided by the Academy to ensure any transactions with these related parties have been identified and disclosed in the financial statements. Where applicable, we also tested a sample of related party transactions to confirm these have been undertaken on an arm's length basis and in accordance with the 'at-cost' rules contained with the Academies Financial Handbook. We also tested Trustees' remuneration, including any staff Trustees, to ensure all remuneration has been properly approved and that the appropriate disclosures have been included in the financial statements as required by the Accounts Direction. No issues arose from our work.</p>
<p>Valuation of assets and liabilities transferred to the Trust on conversion of the Cooper School and Glory Farm Primary School</p>	<p>We reviewed the values of assets and liabilities transferred to the Trust on conversion, including the basis on which the values have been determined and the allocation between restricted and unrestricted funds. We also tested specific balances to source documentation, as well as reviewing the assumptions used by the Trustees or any experts in arriving at the valuations of assets and liabilities. No issues arose from our work.</p>

Significant risk areas identified at the planning stage	Findings and conclusions
Allocation of income and expenditure to specific funds and individual academies within the Trust	We reviewed income and expenditure allocated to specific funds to ensure it has been correctly allocated, including whether specific funds have been correctly classified as restricted or unrestricted funds. We also reviewed income and expenditure allocated to the individual Schools and Central Services fund to ensure these have been correctly allocated and that the balance of funds relating to each School at 31 August 2015 is correctly stated and disclosed in the financial statements. No issues arose from our work.

4 Summary of Audit Adjustments and Unadjusted Differences

During the course of the audit we identified certain misstatements in the financial statements. These misstatements and issues were discussed with Janice Davison and all of them have been corrected in preparing the financial statements for the year ended 31 August 2015 as follows:

	Surplus for the Year £
As per the pre-audit trial balance	678,881
Adjustment to recognise the value of land, buildings and other fixed assets inherited on conversion	20,345,588
Adjustment to account for fixed asset additions during the period originally included within repairs & maintenance expenditure	21,790
Adjustment to account for write-off expenditure incorrectly capitalised as fixed assets	(44,216)
Adjustment to account for fixed assets depreciation charge for the period	(406,494)
Adjustment to accrue for lettings, EYFS funding and other income at period end	52,957
Adjustment to account for School trip and other expenditure prepayments at period end	69,306
Adjustment to account for various expenditure accruals at period end	(57,054)
Adjustment to account for deferred income at period end relating to School trips	(47,513)
Adjustment to reverse Devolved Formula Capital income deferred at period end	34,189
Adjustment to account for start-up grants and conversions costs included in special purposes account	8,625
Adjustment to account for LGPS movements at year end as per the FRS17 report	(1,955,000)
As per the final financial statements	18,701,059

Attached to this report is a schedule of unadjusted misstatements (or differences). These have been discussed with management who have confirmed that they do not wish to reflect these misstatements in the financial statements on the basis they are not material to the financial statements for the period ended 31 August 2015.

You have also confirmed to us (as set out in point 5 in the letter of representation) that you are satisfied that none of these need to be adjusted for on the basis that they are not material to the financial statements.

5 Status of the Audit and Anticipated Audit Report

Subject to the satisfactory resolution of the outstanding matters outlined in this report, we anticipate issuing an unmodified audit report on the financial statements.

6 Internal Controls

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal control 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.

Grading (SD / D)*	Control weakness identified	Potential implications	Recommendation	Management response
D	Whilst there is a separate website for the Trust which sets out the governance arrangements for the Trust, including names of the appointed Trustees, there is no register of the Trustees relevant business and pecuniary interests.	It is a specific requirement of the Academies Financial Handbook that all Academy Trust's must publish on their website any relevant business and pecuniary interests of the Trustees (and Members).	The register of Trustee and Members relevant business and pecuniary interests should be published on the Academy's website or, if there are no interests, a statement to this effect.	<i>The relevant business and pecuniary interests for the Trustees and Members will be published on the Academy's website by 31 January 2016.</i>
D	A number of adjustments were required in preparing the period end financial statements as a number of items of accrued income, prepayments, accruals and deferred income had not been posted into PS Financials.	Without details for accrued income, prepayments, accruals and deferred income being posted to PS Financials on a regular basis, there is a risk that the monthly / quarterly management accounts may give a misleading view of the position of the Trust.	On a monthly or quarterly basis, all material items of accrued income, prepayments, accruals and deferred income should be determined, which should then be posted into PS Financials at the month end or quarter end.	<i>Revised procedures have been implemented since September 2015 to process accruals and prepayments on a monthly basis and this now forms part of the Finance Manager's month end action list.</i>

Grading (SD / D)*	Control weakness identified	Potential implications	Recommendation	Management response
D	Whilst the Trust has an agreed fixed asset capitalisation policy of £1,000, a number of adjustments were required in preparing the period end financial statements as certain items of non-capital expenditure had been capitalised and certain items of capital expenditure had been written-off as repairs & maintenance expenditure or small items expenditure accounts within PS Financials.	If capital expenditure is not properly identified and recorded, there is a risk that the monthly or quarterly management accounts may give a misleading view of the financial performance and position of the Trust.	Ensure the Financial Procedures Manual includes details of the nature of items of expenditure that should be capitalised. Further, the finance team should review the repairs & maintenance and other equipment expenditure accounts on a monthly or quarterly basis so as to ensure all capital expenditure has been properly identified and recorded as such.	<i>The Financial Procedures Manual will be reviewed and amended by 31 March 2016. A new procedure to analyse repairs and maintenance and other equipment expenditure on a monthly basis will be implemented from January 2016, to ensure all capital expenditure is recorded correctly.</i>

* Significant Deficiencies in internal controls are those which are considered to have the potential to lead to material misstatements in the financial statement.

7 Regularity Assurance Engagement Findings

We conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. 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's income and expenditure. The work undertaken to draw our conclusions included:

- A review of internal control policies and procedures implemented by the Academy and an evaluation of their design and effectiveness to understand how the Academy has complied with the framework of authorities;
- A review of the minutes of meetings of the trustees, relevant sub-committees [and Local Governing Bodies] and other evidence made available to us, relevant to our consideration of regularity;

- Enquiries of the Accounting Officer, including a review of the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the Academy based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

There were no issues identified from our regularity work, other than in relation to the internal control matters detailed above in section 6 of our report, and we therefore anticipate that we will issue an unmodified regularity assurance report for the period, subject to the satisfactory clearance of any outstanding matters outlined in this report.

Whilst no issues were noted from our regularity work, we draw the Governor's attention to the new version of the Academies Financial Handbook (AFH) that was published in July 2015 and which is effective from 1 September 2015. There are a number of '**musts**' and '**shoulds**' set out in the AFH and we would recommend that the Trustees carry out a review to ensure they are complying with all mandatory requirements (i.e. the '**musts**') and that they are also following recommended best practice (i.e. the '**shoulds**').

8 Letters of Representation

Attached is a draft letter of audit representations made by management and the Trustees.

We have sent this draft letter of representation to Janice Davison electronically. We would be grateful if this could be printed on Academy headed paper, and then signed and dated by the Trustees at the same time as signing the financial statements and then returned to us.

Also attached is a draft letter of representations made by the Accounting Officer in relation to our regularity assurance report.

We have sent this draft letter of representation to Janice Davison electronically. We would be grateful if this could be printed on Academy headed paper, and then signed and dated by the Accounting Officer at the same time as signing their Regularity Statement and then returned to us.

9 Outstanding Matters

The following matters are outstanding to be resolved prior to issuing the audit report:

- Signed letters of representation

10 Other Matters

International Standards on Auditing also require us to report to you any significant matters arising from the audit, in respect of:

- Actual or suspected instances of fraud
- Material weaknesses in internal control
- Disagreements with management in respect of significant matters
- Matters relating to our independence that have not already been communicated to you.

We confirm that we have nothing to report to you in respect of the above.

Number	Date	Name	Account No	Reference	Debit	Credit	Proposed Net Income (Loss)	Proposed Amount Chg	Recurrence	Misstatement	
		Net Income (Loss)						18,701,045			
19	31/08/2015	16-19 School Budget Share	TCS1003		21,129						
19	31/08/2015	Student Bursary Payment	TCS4040			12,428					
19	31/08/2015	Accruals	TCS9600			8,701					
		Post 16 Bursary Funds accounted for as income and expenditure rather than as agency funds at the period end									
					21,129	21,129	18,692,344	-8,701			
					21,129	21,129	18,692,344	-8,701			