

Strictly Private and Confidential

The Trustees
Eppleton Academy Primary School
Church Road
Hetton le Hole
Houghton le Spring
Tyne & Wear
DH5 9AJ

Our ref: EPP0001NER/IRW
11 December 2019

Dear Trustees

Report to management

During the course of our audit and regularity assurance engagement for the period ended 31 August 2019 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.

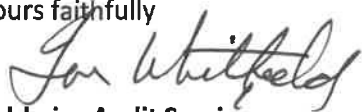
We have complied with the Financial Reporting Council's Ethical Standard and all threats to our independence, as identified to you in our planning communication letter circulated in July 2019, have been properly addressed through appropriate safeguards. No additional facts or matters have arisen during 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.

This report has been prepared for the sole use of the trustees of Eppleton Academy Primary School. We understand that you are required to provide a copy of this report to the Education & 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. 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 Baldwins Audit Services 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

A handwritten signature in dark ink, appearing to read 'Jon Whitfield'. The signature is written in a cursive, flowing style with a large initial 'J'.

Baldwins Audit Services

Significant matters relevant to our audit and regularity assurance engagements for the period 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.

There were no changes to our audit approach as previously communicated to you in our audit planning document.

Summary of significant audit findings

| Significant risk area identified at planning | Findings, significance and recommendations | Management response / timetable for action |
|--|--|--|
| Revenue recognition | We are satisfied that income is appropriately recognised in the financial statements | No response required |
| Management override | Our audit work did not suggest any evidence of attempts by management to override financial controls | No response required |
| Fund accounting | We were provided with appropriate information and all funds have been accounted for in accordance with accounting guidelines with no material errors noted | |
| LGPS liability | We reviewed the assumptions made by the actuary and made appropriate enquiries, no significant issues were noted | No response required |
| Sustainability and going concern | The academy has provided appropriate explanations to suggest that the going concern basis is appropriate in the financial statements | No response required |

There were no other areas where significant issues were identified during our audit work.

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 |
|---|--|--|
| Invoices and payments were not authorised in line with the finance handbook during the period September 2018 to January 2019. | This could result in invoices being paid without correct approval and items being paid that were not a valid academy expense. Following the appointment of a new School Business Manager in January 2019 the procedures are not being followed correctly | No response required |
| We were unable to find evidence of quotes for various purchases during the course of our audit. | The procedure for obtaining quotes could not be checked. Following the appointment of a new School Business Manager in January 2019 the procedures are not being followed correctly | No response required |

Status of findings/recommendations from previous years

Audit issues communicated in last year's management letter and our proposed approach to each of these areas, in light of developments in the period are outlined below:

| Findings / recommendations | Status in current in year | Management response / timetable for action |
|---|--|--|
| VAT126 claims not carried out on a regular basis. This had an impact on cashflow. | Following the appointment of a new School Business Manager in January 2019 the claims are now submitted in a timely manner | Now resolved |
| At the time of the audit no School Business in place | Now resolved – see above | Now resolved |

Summary of audit differences and draft letter of representation

There were no unadjusted errors noted during our work.

We have also attached a draft letter of management representations required in connection with our audit at appendix 1.

Anticipated audit report

We anticipate that we will issue an unmodified audit report for period.

Regularity assurance engagement findings

We conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter. The ESFA has no right by virtue of the regularity engagement to place reliance on our work and the opinion we form in respect of our statutory financial statements audit of the academy.

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:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of Internal Assurance report
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under ESFA delegated authority rules
- consideration of value for money and appropriateness of transactions

We anticipate that we will issue an unmodified regularity assurance report for the period.

There were no regularity issues to bring to your attention in connection with the regularity assurance engagement.