

Our Ref: EXSI8597/TB/HS/AH  
Your Ref:  
Date: 14 December 2021



**PRIVATE & CONFIDENTIAL**

The Board of Trustees  
The Minerva Learning Trust (Dorset)  
The Sir John Colfox Academy  
Ridgeway  
Bridport  
Dorset  
DT6 3DT

Dear Sirs

**2021 Audit and Regularity Assurance Engagement of The Minerva Learning Trust (Dorset).**

**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;
- Revenue recognition.



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## **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**

The following key audit and accounting issues were discussed and agreed at our closing audit meeting with Gillian Jacobs:

- Accounts presentation
  
- Trustees' report

## **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 do not deem the total of the unadjusted items to be material to the financial statements. Within our letter of representation, we request you confirm that the effects of not recording such misstatements identified in the financial statements are, both individually and in the aggregate, immaterial to the financial statements of the Academy Trust as a whole.

## **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.

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



### 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.

Appendix I also includes regularity issues brought to your attention in connection with the regularity assurance engagement.

### 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

**BISHOP FLEMING LLP**

## APPENDIX I

### Control Observations and Recommendations

Description & Impact	Recommendation	Management Response	Category
<b>Current year observations</b>			
<b>Bank Reconciliation</b> During the reconciliation of the bank, we noted that the actual balance per the books on the reconciliation did not agree to the actual balance per the TB. We believe this issue has been caused by the opening balance adjustments in relation to the payroll creditors discussed below in 'Year-end adjustments'. However, it is important when doing the bank reconciliation to ensure that the actual balance per the books on the reconciliation agrees to the actual balance per the TB.	<i>We recommend that during the monthly bank reconciliation the "balance per the books" on the reconciliation is agreed to the actual balance per the books on the TB. Where the reconciliation report does not agree to the TB, this can be followed up with your system provider.</i>	We believe this issue relates to an auditors year end adjustment in relation to payroll creditors and not a systems issue	●
<b>Procurement</b> During our testing of procurement, we identified that a purchase over £5,000 was made after only having received two tenders. This is not in line with the scheme of delegation which states at least three tenders should be obtained. We are aware that this was due to time constraints.	<i>We recommend that purchases are made in line with the scheme of delegation and where necessary at least three tenders obtained.</i>	Our Financial Procedures states that three quotes should be sought for purchases between £5K and £50K. This was done, one supplier did not submit quote within timescale allocated	●
<b>Pupil Numbers</b> We noted that during our review of the trustee boards minutes we found no evidence that the pupil numbers per the census had been agreed by the trustees. This is important to ensure that the Trust receives the correct funding allocation.	<i>We recommend that the pupil numbers per the census is agreed by the trustees, and this is documented in the minutes of the meeting.</i>	This is now an agenda item for the autumn Finance, Audit and Premises Committee, and the Autumn Census numbers for 2021 have been reviewed.	●



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## Update on previous year observations

### Purchase invoice dates

During purchase invoice testing we found two issues:

- Three invoices were found to have dates on the system that did not match the supplier invoice.
- The incorrect date on the system was in the current financial year despite the invoice date being in the previous financial year. This artificially reduced the reported expenditure in the financial statements for 2017/18.
- In 2020 7 invoices were found where the date on the system did not match the invoice.

### 2021 Update

*This was still an issue this year, we found 6 invoices where the date on the system did not match the date on the invoice. Having discussed this with the finance team we are aware that this may be due to the VAT being affected when invoices are back posted.*

Correct if invoices are back posted it does cause an issue with the VAT returns

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### Year-end adjustments

On arrival for the audit, none of the 31 August 2017 year-end adjustments to capital additions, depreciation, accruals and prepayments had been posted to the accounting system, even though schedules had been fully prepared.

We understand that at the start of the year, all of the prior year balance sheet accruals, prepayments, accrued income and deferred income are reversed as expected leaving nothing in the balance sheet for these items. At the year end the breakdown for each control account is prepared, but not posted into the accounting system.

Along with capital additions and depreciation, all of the journals are prepared and provided to the audit team who are preparing the accounts.

August payroll creditors, being the pension contribution and PAYE are posted to the bank reconciliation at the month end to be netted off with the payment, rather than correctly being

### 2021 Update

*This was partially an issue this year as the opening balance adjustments had been posted and the brought forward figures were correct in the accounts. However, this did cause an issue in the current year with the bank reconciliation and payroll creditors. In both the current and prior year the August payroll creditors, being the pension contribution and PAYE are posted to the bank reconciliation at the month end to be netted off with the payment, rather than correctly being posted to a control account which should be included in the balance sheet of the monthly management accounts. This year the adjustment had been made to the accounts to post the opening balance payroll creditor, but the payment was never netted off against the creditor, just removed from the bank reconciliation as reconciling item. Therefore this year we had to make an adjustment to the payroll creditor at the year end and the bank reconciliation did not agree to the TB.*

For the past five years this has not been an issue. We questioned why an auditors adjustment was being made. Discussions will be held with auditor to make appropriate adjustments to ensure the bank reconciliation agrees with the TB





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posted to a control account which should be included in the balance sheet of the monthly management accounts.

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**Update on previous year observations (resolved)**

**Monthly management Accounts and control accounts**

**2021 Update**

*Monthly management accounts did include the balance sheet*

The Academies Financial Handbook states that the format of monthly management accounts must include an income and expenditure account, variation to budget report, cash flows and balance sheet. No balance sheet information is contained within the management accounts provided to Trustees.

The PSF year end roll forward appears to not have been run, so the trial balance provided at the audit showed the annual movement rather than year end balances. Therefore, monthly procedures including review of balance sheet codes is not being done. This would have picked up on the Aged Creditor balance being an overall debtor balance this year, which may represent additional expenditure. Also reporting the balances to Trustees would have highlighted this issue earlier.

Significant time is spent during the audit reconciling the PSF management reports produced with the Trial Balance provided to auditors. These are from the same system and by not agreeing it may suggest accurate information is not being included in the reports. If PSF was up to date and the balance sheet codes reviewed against the management reports monthly, this should not happen.



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**Business and Pecuniary Interests Register**

**2021 Update**

*This was not an issue this year and all trustees were listed on the register.*

We noted from reviewing the website that the current list of business and pecuniary interests does not include the most recent Trustees who were appointed from March 2018. An up to date Business Interest Register must be on the Trust's website at all times. We are aware that the new Trustees have completed declarations. We found this to be an issue again in





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2019 as K Broughton had not been added to the website  
having starting on 26/03/2019.

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-  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