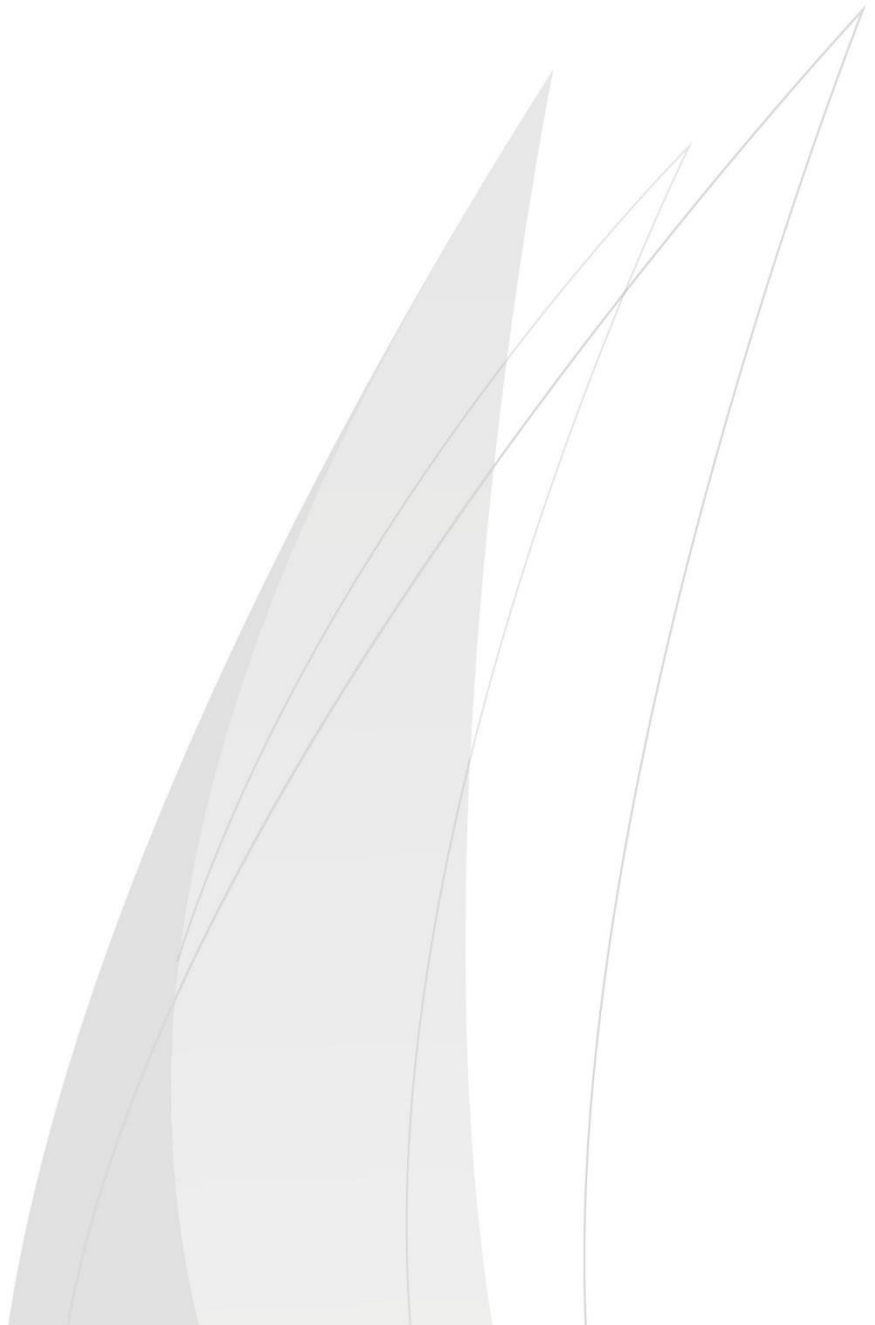




Key Issues for Discussion Document The Corsham School Academy Group ("The Trust")

For the Year ended 31/08/2024



Our Ref: BSTH000029/JT

Date: 19 November 2024



PRIVATE & CONFIDENTIAL

The Board of Trustees
The Corsham School Academy Group
The Tynings
Corsham,
Wiltshire
SN13 9DF

Dear Trustees

The Corsham School Academy Group – Key Issues for Discussion Document

We are pleased to attach our Key Issues for Discussion Document. This report, which is designed to be the basis of discussion when we meet, summarises our audit conclusions, highlights the key findings arising from our work and details a number of points that we would like to discuss further with you.

We have initially discussed the contents of our report with management and have incorporated their comments where relevant.

This report is intended to be solely for the information and use of the Trustees and those charged with governance of the Trust and should not be shared with anyone beyond this Trust without our prior approval.

We would like to take this opportunity to thank the finance team for the co-operation and assistance afforded to us during the course of the audit.

Yours faithfully

A handwritten signature in black ink that reads "Bishop Fleming Ltd." in a cursive style.

BISHOP FLEMING LLP

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1. Introduction and executive summary

Introduction

The Key Issues for Discussion Document ("KIDD") has been prepared for the benefit of discussion between Bishop Fleming and The Corsham School Academy Group (the Trust).

The purpose of the KIDD is to highlight the key issues affecting the audit of the Trust and the preparation of its financial statements for the Year ended 31/08/2024.

The document is also used to report to management our mandatory requirements as set out in International Standard on Auditing (UK & Ireland) 260 (ISA 260).

Audit status

Our audit work was carried out in accordance with our audit plan in response to the perceived audit risks, and no matters were identified which required us to change our approach and no additional risks were identified.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- Review of latest management accounts/monthly finance report to consider post balance sheet events
- Approval of financial statements
- Receipt of the management representation letter
- Receipt of outstanding Related Party declaration forms
- Receipt of bank confirmation letters

Audit report

We anticipate issuing unmodified audit report on the financial statements of The Corsham School Academy Group for the Year ended 31/08/2024 subject to the successful conclusion of matters within this report and to receiving all outstanding information set out previously.

We have summarised our findings and conclusions in relation to the significant risks within this report.

Regularity report

We conducted our regularity assurance engagement in accordance with the AAD. 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 may 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 Trust's income and expenditure.

We propose to issue an unmodified regularity assurance report for the period.

Confidentiality

This document is strictly confidential and although it has been made available to those charged with governance to facilitate discussions, it may not be taken as altering our responsibilities to the Trust arising under our audit engagement letter.

This KIDD has been prepared for the sole use of the Board of Trustees, management and others of the Trust. We understand that you are required to provide a copy of the management letter section of this report to the ESFA. With the exception of this, no reports may be provided to third parties without our prior written consent. No responsibility is accepted by Bishop Fleming towards any party acting or refraining from action as a result of this report.

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 KIDD 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 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.

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.

Review of Accounting Policies

We have reviewed the accounting policies adopted by the Trust and have found them to be appropriate and applied consistently.

Changes to Accounting Policies

There have been no changes to accounting policies since the previous period.

Representation Letter

A draft representation letter has been separately provided to you.

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 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.

Independence

The FRC Ethical Standard and ISA 260 requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The aim of these communications is to ensure full and fair disclosure by us to those charged with governance on matters in which you have an interest. We are not aware of any relationships that, in our professional judgment, may reasonably be thought to bear on our independence or the objectivity of the audit engagement team.

We confirm that in our professional judgment, Bishop Fleming is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised. We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. Should you have any specific matters that you wish to discuss, please contact us.

Details of all the threats and related safeguards relating to non-audit services provided were included in our planning report.

Statutory audit and regularity report

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 Academies Accounts Direction 2023 to 2024 (AAD).

Our work was also planned to provide a "limited assurance" report on regularity in accordance with the AAD.

Due to 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.

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 Trust operates. We then used this assessment to develop an effective approach to the audit.

Based on our knowledge of the Trust, we assessed the risks to the Trust and planned our audit with regard to these risks. The significant risks identified in connection with the audit are summarised later in this report.

And finally

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.

2. Key audit risks and other findings

1 Significant risk: Management override of controls

Summary

We are required by auditing standards (ISA 240) to consider fraud and management override of controls to be a significant risk for all audits as no matter how strong a control environment, there is the potential for controls to be overridden or bypassed.

Work done and conclusion

To address this risk, we have considered:

- Reviewed the reasonableness of accounting estimates such as useful economic lives of assets;
- Tested journals with a material impact on the results for the year;
- Considered a sample of other journals with key risk attributes.

We have not identified any material errors from our work.

2 Significant risk: Fraud in income recognition

Summary

There is also a presumption under auditing standards that the risk of fraud in revenue recognition is considered to be a significant risk area.

Work done and conclusion

To address this risk, we have:

- Documented and validated the control environment for income and debtors using walkthrough testing;
- Performed substantive procedures over income to address this risk;
- Considered income journals as part of our work on fraud risks documented above.

We have not identified any material errors from our work.

4 Regularity risk: Unauthorised transactions

Risk

Risk of unauthorised activities or expenditure being incurred

Work done and conclusion

Throughout the audit, consideration has been given to any transactions reviewed or identified. This includes transactions discussed at board level, or as selected in our detailed expenditure testing.

We have not identified any material errors from our work.

5 Regularity risk: Related parties

Risk

Risk of related party transactions occurring and not being detected

Work done and conclusion

We have reviewed the register of interests, declarations forms, board minutes and enquired with management. This has also been considered in connection with our detailed expenditure testing.

We have not identified any material errors from our work, although this is subject to receipt of the final declaration forms.

6 Regularity risk: Unauthorised borrowings or leases

Risk

Risk of unauthorised borrowings and leases being in place

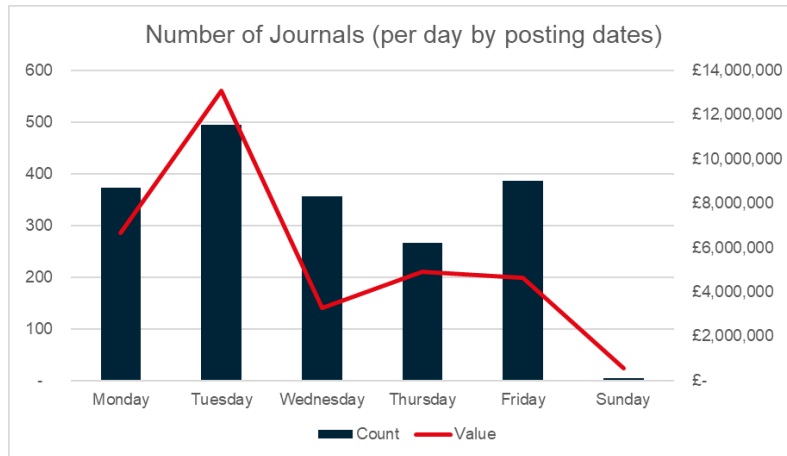
Work done and conclusion

We have reviewed the bank confirmation letter for any bank borrowings, reviewed the balance sheet for any other borrowings, and reviewed the processes for new leases in the year to ensure correct consideration was given as to whether it was a finance lease or not before entering into it.

We have not identified any material errors from our work although this is subject to receipt of the bank confirmation letters.

3. Audit insights

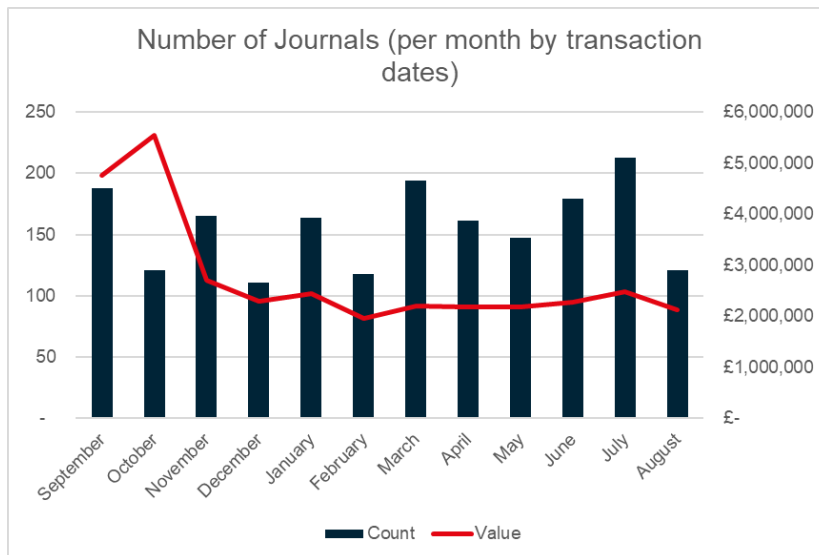
No. of Journals (Per day by posting date)



This graph represents the number of journals posted on each day of the week.

We would typically expect that journal postings per day remain broadly consistent on weekdays, with much fewer occurring on weekends, which all relate to post year end adjustments. From looking at the graph, there is a slight increase in number of journals and value of journals on Tuesday. From further investigation, it was noted that the vast majority of these journals relate to month end journals and payroll journals along with year end journal for £2.8 million which is in line with expectations. No activity was recognised on Sunday, which is in line with expectation.

No. of Journals (Per month by transaction date)



This graph represents the number of journals posted each month.

We would typically expect that journal transactions per month remain broadly consistent throughout the year due to preparation of monthly management accounts. Peaks are expected in September and August for opening and closing adjustments.

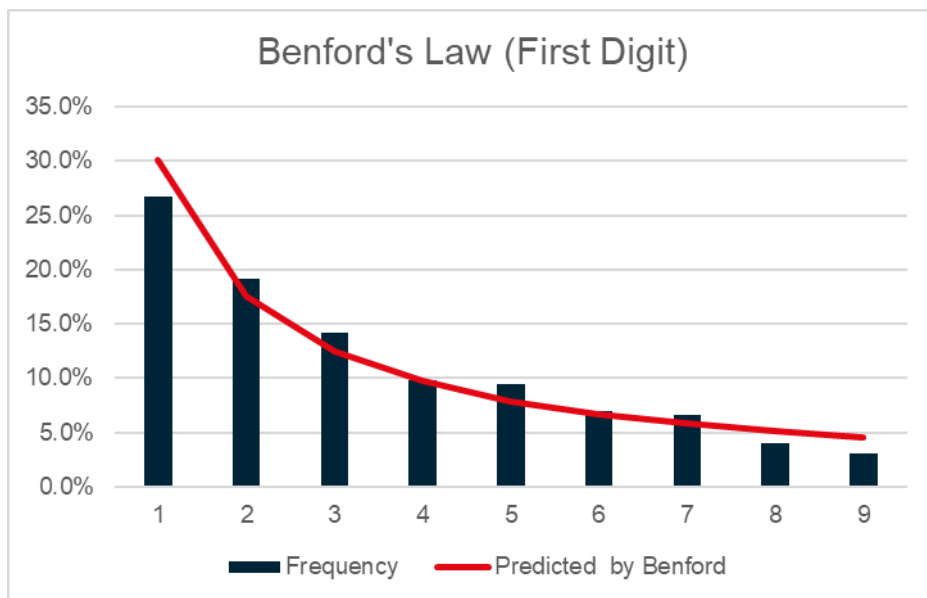
As you can see, for the majority of the year a consistent number of journals and value of journals are posted each month, with the exception of October, March and July. The increase experienced in October is not consistent with expectation as the client posted

the opening balance adjustments into October instead of September as expected. There is also a peak in the value of journals posted in September which is in line with expectations as of a result of the year end process. The high number of journals in March and July is due to the transfer of printing charges.

The current year trend closely resembles that of the prior year, with the exception of September, October and August. In the prior year the peak in value for August was primarily caused by the journal posted to recognise the accrued income adjustment of the Turing Scheme.

From this analysis, no further risk has been presented.

Benford's Law Review



Benford's Law states that in a natural collection of numbers, the leading significant digit is likely to be small and follow a logarithmic curve. This is analysed to assess whether there is a heightened risk of fraud due to unusual data being posted that is not in line with what is deemed a normal data set.

From the data set of all journals posted during the year, it was noted that the digit 2, 3 and 5 were set above the expectation line. From further investigation, it was noted that there were a number of photocopier, payroll journals, bank interest and pupil led factors journals starting with these digits, which are in line with expectations.

From this analysis, no further risk has been presented.

Key Word Analysis

We have also performed a review of key words contained within journal descriptions. The majority of those identified related to month end adjustments, bank and intercompany account transfers and correction of journals posted

Appendix

Management letter points and internal control systems

The Trust's management is responsible for the identification, assessment and monitoring of risk, for developing, operating and monitoring the systems of internal control and for providing assurance to the Board that it has done so.

In accordance with the terms of our engagement we have not provided a comprehensive statement of all issues which may exist in the accounting and internal control systems or of all improvements which may be made, but outline below our observations arising from the audit, none of which are considered significant.

We would be pleased to discuss further work in this regard with the Board.

KEY:



Financial - 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.
Governance – Observations that are fundamental to good governance and should be addressed immediately to minimise the risk of governance failings.



Financial - 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.
Governance – Observations that are important to good governance and should be addressed to minimise the risk of governance failings and to help improve procedures.



Financial - 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.
Governance – Observations that if addressed would help to improve and embed good governance practices but is unlikely to lead directly on its own to governance failings.



Observations made in the previous year have been resolved.

Summary of progress against points raised.

Risk Rating	2024	2023
	0	0
	0	0
	2	1
	NA	NA

Internal financial controls


Our review of the Trust’s system of internal control is carried out to assist us in expressing an opinion on the financial statements of the Academy 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.

The following table summarises our significant control observations together with any recommendations we have for possible improvements which could be made.



Your comments

We would be grateful if you would enter your comments against each point under the "management response" header of the management letter point section and return it to us in due course. The management letter section of this KIDD letter will be submitted to the ESFA with the Financial Statements.

Current Year Matters

Declarations of interests - governance	
	
<p>The declarations of interest used throughout the year did not include all potential related parties, as defined by accounting standards (FRS102), the Charity SORP, or the Academies Financial Handbook.</p> <p>In particular the SORP includes a wide definition of related parties, include parents, grandparents, children, grandchildren and siblings of trustees.</p>	<p><u>Recommendation</u></p> <p>We recommend that all trustees are made aware of the requirements, ensuring that when they complete the declarations, they include all known related parties. Through having a complete list, the Trust will then be able to ensure that any potential related party transactions are managed in advance of any transactions taking place (either accidental or consciously entered into).</p> <p><u>Management comment</u></p> <p>Noted and agreed</p>

Prior Year Matters - Unresolved

Fixed Asset Register	
	<i>Prior Year Rating:</i> 
<p>It was noted that a Fixed Asset Register is not maintained throughout the year.</p>	<p><u>Recommendation</u></p> <p>A Fixed Asset Register should be maintained and updated throughout the year. This should include the cost and accumulated depreciations brought forward from the previous year and any movements in the current year. Movements would include additions and disposals of fixed assets.</p> <p>The source of funding for each asset should be noted in order to correctly allocate funds in the funds analysis in the accounts.</p> <p><u>Management comment</u></p> <p>Noted and agreed</p>



This document is confidential to: The Corsham School Academy Group



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bishopfleming.co.uk