

Our ref. PT/W418/PT/IKB

4 November 2016

Your ref.

PRIVATE AND CONFIDENTIAL

The Board of Trustees
Waynflete Infants' School
Waynflete Avenue
BRACKLEY
Northants NN13 6AF

Dear Sirs

REPORT TO MANAGEMENT

During the course of our audit and regularity assurance engagements for the year ended 31 August 2016 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.

As part of current auditing practice standards, we are obliged to advise the trustees that the firm has also provided a number of other services in addition to the statutory audit during the year including statutory accounts preparation, quarterly audit visits and other general advice. We consider that we have implemented adequate safeguards to enable an objective and independent audit of the academy's affairs for the year ended 31 August 2016 and that the firm's high standards have been maintained.

This report has been prepared for the sole use of the trustees of Waynflete Infants' School. We understand that you are required to provide a copy of this report to the Education 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 Smith, Hodge & Baxter 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



SOLID VALUES. STRATEGIC THINKING.

Partners: A.P. Armer C.F. Armstrong I.J. Chown J.G. Hatcher (Managing Partner) P.E. Tyler K.A. Weston Associates: M.D. Bradshaw D.M. Rupp

Registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.

SIGNIFICANT MATTERS RELEVANT TO OUR AUDIT AND REGULARITY ASSURANCE ENGAGEMENTS FOR THE YEAR ENDED 31ST AUGUST 2016

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

Significant risk area identified at planning	Findings, significance and recommendations	Management response / timetable for action
Completeness of recurrent grant income.	The most significant source of recurrent income for the academy trust is grant income from DfE/EFA. Our audit procedures found that recorded recurrent income from these sources was in accordance with our expectations.	Noted by Governors.
Completeness of staff costs – The most significant element of academy trust expenditure.	The staff costs recorded in the accounting records reconciled with the payroll records without material differences, and were found to be in line with our expectations.	Noted by Governors.
Identification and completeness of disclosures in respect of connected parties.	No additional previously unidentified connected parties were noted. The only transactions noted with connected parties were in accordance with our expectations.	Noted by Governors.

Management override.	Our review of journals processed during the year and other analytical procedures did not identify any attempts by management to manipulate the academy trust's results for the year.	Noted by Governors.
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Other areas where issues were identified during the audit	Findings, significance and recommendations	Management response / timetable for action
Accounting for Infant Free School Meals.	We reviewed the accounting treatment of Infant Free School Meals, as identified by management at the commencement of the assignment as a potential adjustment. Having undertaken our review we agreed the treatment with management and adjusted the financial statements accordingly.	Noted by Governors.

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
No control weaknesses were noted during the audit or regularity testing.		Noted by Governors.

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
No significant findings noted.	N/A	Noted by Governors.

Summary of audit differences and draft letter of representation

Unadjusted error individually less than £2,500 you have agreed are trivial. There were no unadjusted misstatements in excess of £2,500 noted during our work.

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

Outstanding matters

Prior to issuing our audit report we require:

- the signed letter of representation;

Anticipated audit report

We anticipate that we will issue an unmodified audit report for the year, subject to the satisfactory clearance of any outstanding/unresolved the matters outlined in this report.

Regularity assurance engagement findings

We conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2015 to 2016 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 trust's income and expenditure. The work undertaken to draw our conclusions included:

- Assessment and testing of the internal audit work and reliance placed upon this work for the review of internal control procedures
- Further testing of the internal control procedures has been carried out in the following areas:
 - Sample test of delegated authority procedures
 - Enquiry and review of transactions with connected persons
 - Review of governance procedures including inspection of Trustee and relevant Board minutes
 - Sample test of procurement procedures
- Communication with the accounting officer

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
We note that the academy trust has systems in place to identify regularity issues that may arise from trustee and staff expenses, placement of orders etc. As the academy trust is charged with expending public funds it should remain vigilant at all time to prevent the improper use of those funds to purchase goods and services for which there is perceived to be more than an incidental personal benefit, for example the purchase of alcohol, meals trip expenses etc.		Noted by Governors.