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Our Ref RM/JEB/C256

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The Governors
St Christopher's High School
Queens Road West
Accrington
Lancashire
BB5 4AY

7th December 2015

Dear Sirs

REPORT TO MANAGEMENT

During the course of our audit and regularity assurance engagements for the year ended 31st August 2015, 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.

This report has been prepared for the sole use of the trustees of St Christopher's CE High 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 CWR Chartered Accountants towards any party acting or refraining from action as a result of this report.

We would be grateful if you could reply to us with the academy's comments against each point and return this 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 black ink, appearing to be 'JTB', written over a horizontal line.

Director
Enc.

SIGNIFICANT MATTERS RELEVANT TO OUR AUDIT AND REGULARITY ASSURANCE ENGAGEMENTS FOR ST CHRISTOPHER'S CE HIGH SCHOOL FOR THE YEAR ENDED 31ST AUGUST 2015

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 academy 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 which can arise on 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 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 made by us to the audit approach we initially planned ahead of completing the audit.

Summary of audit findings

- We note the school continues to maintain a small level of positive reserves and a breakeven budget has been set for 2015/16 which implements cost saving measures across several budget headings. We would advise that with relatively low levels of reserves held by the academy, key costs such as staffing are very closely monitored and budget forecasts are regularly updated. Increases in employment costs such as employers National Insurance from April 2016 should also be taken into account. We have found no evidence that this hasn't been the case in the past but we want to emphasise that this will require continuous review as the school will have to react quickly to any proposed reduction in funding in future academic years.
- We have noted in completing the audit that transactions are entered onto the system dated in the 2014/15 academic year after a trial balance has been supplied to us for the purposes of the audit. This creates small timing differences between your data and our data. In order to rectify this, we recommend you speak to the software provider to establish a clean cut-off process for the year end accounts next year.

We would rate the monitoring of budgets as medium importance and the point regarding cut off as low importance.

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 current period are outlined below:

- We provided observations in the previous period in relation to the level of reserves held by the academy, further comment on this matter has been made this year as shown above.
- We understand the VAT error from the previous period totalling £2,500 has been dealt with.

Letter of representation

We have sent to you a 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; and
- signature of the journals sheet we have posted in preparing the accounts.

Anticipated audit report

We anticipate that we will issue an unqualified report with an emphasis of matter paragraph regarding trustee's remuneration, subject to the satisfactory clearance of any outstanding/unresolved the matters outlined in this report. The audit report is not classed as a qualified audit report.

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 trust's income and expenditure. The work undertaken to draw our conclusions included:

- Obtaining evidence including those tests relevant to the circumstances of the academy as prescribed in Section 9.4 of the Academies Accounts Direction 2014 to 2015 issued by the EFA in June 2015; and

- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

Anticipated assurance report

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.



ST. CHRISTOPHER'S C.E. HIGH SCHOOL

A Church of England Academy

Headmaster: R.D. Jones

Our Ref: FW/PHa
15th December 2015

Mr J Bellamy
CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster, LA1 3SW

Dear Sirs,

Response to Report to Management

Thank you for your report to management received for the year ending 31st August 2015 including matters that you wished to bring to our attention.

Regarding the summary of audit findings:

- We note your comment regarding the small level of reserves and a breakeven budget, the budget has been set this year taking in to account reserves at year end of £28k. In this climate of increasing costs and reduced funding this has been achieved by taking some drastic cost cutting decisions in school that we hope will not impact on the quality of our teaching provision. The Governors and the Accounting officer meet regularly to assess the on-going situation with regard to the tight budget and difficult financial decisions that need to be taken daily where these are within our control to ensure that the cost reductions we have agreed are adhered to and the whole school budget is kept within the agreed budget figure.

We therefore acknowledge your comments on the low levels of reserves held within the academy and as discussed with you previously in addition to the acknowledged difficult financial climate; it has always been the school's chosen position to allocate funds to those pupils in-year therefore, maintaining a large level of reserves is never part of our agenda. The school will however continue to work hard to endeavour to increase reserves in what has been recognised nationally as one of the most challenging financial times in Education in recent years. At this school however we have always been one of the lowest funded nationally and we hope that this will be addressed in the Fair Funding Review planned for 2017. Meanwhile, we will continue to weather the storm and maintain a close scrutiny of expenditure and staffing profiles and plan ahead for situations such as additional reduced funding in 2016 if at all possible and practical to do so.

- We note your comment regarding system timing differences for the trail balance at end of year. This is already being addressed to ensure a clean cut off process for the next year end accounts.
- We note that you have issued an unqualified report with an emphasis of matter due to trustees's remuneration and we do possess a letter from Mr Laws supporting our position. We note your comments and accept that this is not classed as a qualified audit report.

May I thank you for the excellent and extremely supportive service you have provided, and continue to provide, to our school.

Yours faithfully,

Mr F Whitehead
Chairman of Governors

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