

Private & Confidential

The Trustees
Kibblesworth Academy
West View
Kibblesworth
Gateshead
Tyne & Wear
NE11 0XP

Our ref: KIB0001NER

Your ref:

Date: 12 December 2016

Dear Trustees

Report to management

During the course of our audit and regularity assurance engagement for the period 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.

This report has been prepared for the sole use of the trustees of Kibblesworth Academy. 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 Baldwins Audit Services Limited 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





Joanne Regan FCA
Baldwins Audit Services Limited

Significant matters relevant to our audit and regularity assurance engagements for the period ended 31 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 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
Recognition of income in the appropriate accounting period (generic academy sector audit risk)	Our audit work provided us with sufficient evidence that income as stated in the accounts is complete and accurately disclosed	No comment required
Allocation of expenditure against the appropriate income stream (generic academy sector audit risk)	The management accounts provided appropriate details to confirm that the accounts were prepared in accordance with guidelines and all funds have been accounted for correctly	No comment required
Funding claw backs arising from changes in pupil numbers	We reviewed correspondence with funding providers after the balance sheet date and found no evidence of funding claw backs	No comment required
Errors arising due to the transition to new UK accounting standards	We reviewed the statutory accounts and concluded that LGPS pension scheme amounts and disclosures had been appropriately included. The academy has not accounted for a holiday pay accrual at the year end. We carried out testing on the existence of a holiday pay accrual and concluded that the amount was immaterial to the accounts and no adjustment was required	No comment required

Management override of system controls to manipulate financial results	During our audit work, we reviewed the use of journal entries in preparing the management accounts and considered the calculation of any accounting estimates provided. We found no evidence of management bias throughout our work	No comment required
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There were no other areas where issues were identified during our audit except for those raised in previous years, as listed below.

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.

There were no weaknesses in internal controls to bring to your attention except for those raised in previous years, as listed below.

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 period are outlined below:

Findings / recommendations	Status in current in year	Management response / timetable for action
Vat claims were not being made on a timely basis	We note that vat reclaims are being carried out termly and consider this adequate for the size of the academy	No comment required
Trustees' business interests are not included on the academy's website	This continues to be an issue. The Academies Financial Handbook states that a trust must include details of business and pecuniary interests on the website	The Academy management are conducting a systematic review of our website and its content. The appropriate documentation has been prepared and will be uploaded before the end of the current calendar year
During our audit work we were not able to inspect all minutes of committee meetings	All relevant minutes were provided during the current audit	No comment required
Significant control weaknesses were identified in recording catering income and club income	During the current audit we found evidence of improvements to the internal control system which were adequate to satisfy ourselves that controls are strong enough to capture all catering and club income	No comment required

All trustees of the academy should be recorded as directors at Companies House	Our review of Companies House records highlighted that there were still a number of trustees who are not recorded as directors at Companies House	There has been a number of changes in the trustees of the Academy within the last few months. Also the Governor Support Team from Gateshead Council have had significant staffing pressures. It is the support team who update the Companies House records, we will work with them to ensure records are updated
Purchase orders are raised retrospectively to purchase invoices being received	This remains an ongoing issue in the current year as the nature of certain costs means that a purchase order cannot be raised in advance (eg catering). We recommend that the Finance Handbook is updated in respect of purchasing so that the system documents a useable working practice that fits in with the academy's resources and capabilities	Following discussion with the audit team the SBM has agreed to update the Financial Handbook as the nature of the Academy's business means retrospective purchase orders will always be an issue and is unavoidable in many cases

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 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.

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.