

CHAUNCY SCHOOL

MANAGEMENT LETTER

**FOR THE PERIOD ENDED
31 AUGUST 2016**

The Trustees
Chauncy School
Park Road
Ware
Hertfordshire
SG12 0DP

November 2016

Dear Sirs

Management letter for the period ended 31 August 2016

We list below the issues that arose during the audit of the financial statements of Chauncy School (“the academy”) for the period ended 31 August 2016, that we believe were appropriate to formally document for the attention of the Trustees.

Set out below are our observations, together with the impact and our recommendations, to which management have been asked to formally respond so that their comments may be recorded and noted in this letter. You should assess our recommendations for their full commercial impact before they are implemented.

Our audit work is designed primarily to enable us to express an opinion on the financial statements as a whole and cannot be relied upon to reveal all the weaknesses in the academy’s systems and internal controls. Our points include only those matters which came to our attention during our audit and should not be regarded as a comprehensive statement of all weaknesses that exist or of all improvements that might be made. This report has been prepared solely for the confidential use of the academy and should not be disclosed to third parties without written consent.

We would like to take this opportunity to thank all of the staff involved for their help during the audit.

Yours faithfully

Hillier Hopkins LLP

Observation	Recommendation	Management Response	Action/timetable
Observations highlighted for the year ended 31 August 2016:			
<p>Annual return Risk: Low</p> <p>It was observed that not all Governors and Trustees are listed on the annual return as Directors.</p> <p>Implication: The EFA deem Governors to be the same as both Trustees and Directors. Hence all Governors should be registered at Companies House to ensure compliance with the Academies Financial Handbook.</p>	<p>The Governors should review the company Memorandum and Articles of Association to check the specific requirements of the Academy Trust and ensure that all Directors are registered at Companies House.</p>	<p>There were a number of recent governor resignations following the first Governor meeting of the year on the 28th September 2016 these will be now be updated on to companies house website.</p>	<p>November 2016</p>
<p>Expense Claims Risk: Medium</p> <p>It was noted during testing of expense claims that some claim forms did not evidence authorisation.</p> <p>Implication: This could lead to some claims being reimbursed that have not been appropriately reviewed to ensure they are for academy purposes and not fraudulent claims.</p>	<p>We recommend all expense claim forms are reviewed to ensure monies are spent for academy purposes, and claims should be signed and dated as evidence of the review taking place.</p>	<p>The claims that were unsigned related to travel from training courses which had previously been notified to the Finance Department and approved by the deputy head. All teacher training claims for travel expenses are now being directed to the deputy head before payment.</p>	<p>November 2016</p>

Observation	Recommendation	Management Response 2015	Update on action point 2016
Observations highlighted for the year ended 31 August 2015:			
<p>Petty cash Risk: Low</p> <p>It was noted that some petty cash requests did not have receipts attached to them.</p> <p>Implication: There is a risk that petty cash claims are not valid and therefore academy funds may be used inappropriately.</p>	<p>It is recommended that all petty cash requests have receipts attached to them to ensure that they can be reviewed as valid.</p>	<p>These requests related to students who had been left vulnerable at the end of school and it was the schools duty of care to ensure their safe return home.</p> <p>Requests without receipts will be signed off and approved by a member of the senior leadership team before any release of funds from petty cash in future.</p>	<p>Petty cash claims were tested during the audit and there were no instances where receipts were not attached to claims. This appears to have been an isolated incident in the prior year.</p>
<p>Bank reconciliations Risk: Low</p> <p>It was noted during our visit that three monthly bank reconciliations could not be located.</p> <p>Implication: If reconciliations are not maintained then the academy loses the evidence that reconciliations are prepared and reviewed, in line with best practice.</p>	<p>It is recommended that the full year's monthly reconciliations are kept on file to evidence good governance.</p>	<p>Reconciliations were approved by the head unfortunately were misfiled. A new separate reconciliation file has been set up for 15/16 reports.</p>	<p>Bank reconciliations were obtained during the audit and there were no instances of any reconciliations missing.</p>

<p>16-19 Bursary Risk: Low</p> <p>It was noted during our visit that there is a large amount of unspent 16-19 bursary outstanding at the period end.</p> <p>Implication: There is a risk that underprivileged pupils are not receiving the EFA support intended for them.</p>	<p>It is recommended that the policy for spending the 16-19 bursary is reviewed to ensure this encompasses all potentially deprived pupils.</p> <p>It is also recommended that more is done to identify the underfunded pupils and ensure as much of this funding is distributed as possible.</p>	<p>In the year 14/15 the school had very few 16-19 students who were on free school meals or who met the attendance criteria set as part of the school policy.</p> <p>For 15/16 the school is currently reviewing its policy and other educational opportunities to support students. It will also consider the option of taking a small admin fee to manage the funds as advised by the Accountants.</p>	<p>At the 15/16 year end there was still a large amount of unspent 16-19 bursary outstanding. This was discussed and it is not the schools policy to use some of this as a small admin fee. The large amount unspent is due to the small number of students at the school requiring the support.</p>
<p>Annual return Risk: Low</p> <p>It was observed that not all Governors and Trustees are listed on the annual return as Directors.</p> <p>Implication: The EFA deem Governors to be the same as both Trustees and Directors. Hence all Governors should be registered at Companies House to ensure compliance with the Academies Financial Handbook.</p>	<p>The Governors should review the company Memorandum and Articles of Association to check the specific requirements of the Academy Trust and ensure that all Directors are registered at Companies House.</p>	<p>The governors were advised at time of the academy conversion of the correct trustee setup. The current structure has five trustees registered at company's house. All governors comply with the Academies Financial Handbook. If there is a legal requirement to amend the trustees then the governors will look to consider this further.</p>	<p>It was observed in 2016 and is noted in our 2016 management letter.</p>