


**CHAUNCY SCHOOL**

**MANAGEMENT LETTER**

**FOR THE YEAR ENDED  
31 AUGUST 2017**



The Trustees  
Chauncy School  
Park Road  
Ware  
Hertfordshire  
SG12 0DP

December 2017

Dear Sirs

**Management letter for the year ended 31 August 2017**

We list below the issues that arose during the audit of the financial statements of Chauncy School ("the academy") for the year ended 31 August 2017, 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 2017:  |  |                     |                  |
| <p><b>Credit Card, Expense and Petty Cash Claims</b></p> <p><b>Risk: Medium</b></p> <p>It was noted during testing that two credit card purchases, one petty cash claim and one expense claim were not signed by the necessary individuals to evidence authorisation of the expenditure.</p> <p><b>Implication:</b></p> <p>Payments are being made without the expense being authorised. This breakdown in process could result in payments being made for goods or services that have not been received, or for goods or services that are not in line with the terms of the funding agreement.</p> | <p>We recommend all credit card purchases, petty cash and expense claim forms are signed to document purchases have been appropriately authorised and that payments are not made without documented authorisation.</p> |                     |                  |

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|--|--|--|
| <p><b>Procurement Process</b></p> <p><b>Risk: Low</b><br/>The schedule of financial delegation states that the Governing Body are responsible for ensuring that a minimum of four tenders are obtained for contracts over £100,000. For the Sports Hall build, it was noted that four contractors were approached and provided responses, however only the two more comprehensive tenders were presented to Governors.</p> <p><b>Implication:</b><br/>There is the risk that the Governing Body make a decision without knowing all of the information available, which could be perceived as a breach of school policy.</p> | <p>Whilst we noted that the academy obtained four quotes, we recommend that all quotes are presented to the Governors, increasing transparency and allowing Governors to make informed decisions based on all information available.</p> |  |
| <p><b>Governance Structure</b></p> <p><b>Risk: Low</b><br/>As of 1<sup>st</sup> of September 2017 the following guidance has been issued by the ESFA:</p> <ul style="list-style-type: none"> <li>- Employees of the trust must not be appointed as members.</li> <li>- The Department's recommendation is for a majority of members to be independent of the board of trustees.</li> <li>- The Department's strong preference is for no other employees but the Head Teacher to serve as a trustee in order to retain clear lines of accountability.</li> </ul>  | <p>We recommend that the school's governance structure is reviewed in the upcoming year to ensure that it meets the requirements set out in the Academies Financial Handbook.</p>  |  |

| Observation   | Recommendation   | Management Response 2016   | Update on action point 2017   |
|---|--|--|---|
| <b>Observations highlighted for the year ended 31 August 2016:</b>  |  |  |   |
| <p><b>Annual return</b><br/><b>Risk: Low</b></p> <p>It was observed that not all Governors and Trustees are listed on the annual return as Directors.</p> <p><b>Implication:</b><br/>The ESFA 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 and more care will be taken going forward in updating companies house website.</p>                                   | <p>A further recommendation relating to the Governance Structure has been raised in 2017.</p> |
| <p><b>Expense Claims</b><br/><b>Risk: Medium</b></p> <p>It was noted during testing of expense claims that some claim forms did not evidence authorisation.</p> <p><b>Implication:</b><br/>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>This observation has been raised again in 2017.</p>  |