

16 November 2021

The Trustees
Enhance Academy Trust
Thornes Park Campus
Thornes Park
Wakefield
West Yorkshire
WF12 8QZ

Dear Sirs

In accordance with our normal practice, we are writing to draw your attention to various matters, which arose during our audit of the academy's accounts for the year ended 31 August 2021.

Audit approach and areas covered

The purpose of the audit was to enable us to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but for the purpose of expressing an opinion on the effectiveness of internal control.

The matters reported below are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance.

Qualitative aspects of the academy's practices and financial reporting

We have no comments to make concerning the qualitative aspects of the academy's accounting practices and financial reporting.

Significant difficulties

We did not encounter any significant difficulties during the audit and there are no significant findings from the audit to draw to your attention.

Adjusted and unadjusted misstatements

All misstatements found during our audit was clearly trivial with no adjustments required.

Expected modifications to the auditors' report

There are no expected modifications to the auditors' report.

Material weaknesses in the accounting and internal control systems

As you are aware from our letter of engagement, our audit procedures were directed towards testing the accounting systems in operation upon which we have based our assessment of the accounts. Appendix I to this letter contains details of actual and potential weaknesses identified during our audit and our recommendations for improvements. It is not meant to be a full and accurate reflection of all weaknesses that may be present in your system.

In making our recommendations, we have considered the size of your academy and the number of staff you employ. We shall be glad if you will let us know what steps have been taken in connection with the above.

We have also included a summary of the status of our recommendations from the previous year's audit at Appendix II.

Other matters required by Auditing Standards to be communicated

There are no other matters that we are required by auditing standards to communicate to you.

Other relevant matters relating to the audit

We have discussed with you the fact that we provide additional services to the academy in addition to acting as auditors. We wish to confirm to you that in our opinion the provision of such services does not affect our independence as:

- (i) The additional services provided are of a routine compliance nature and the Board of Trustees take any decisions where judgement is required.

Report on regularity

There were no matters arising on regularity, 2020's is highlighted in Appendix III.

We would like to take this opportunity of expressing our thanks to your staff for their assistance during our audit.

Please note that this report has been prepared for the sole use of Enhance Academy Trust. It must not be disclosed to third parties, quoted, or referred to, without our prior written consent. No responsibility is assumed by us to any other person.

If we can be of any further assistance, please contact Seema Sugrim.

Yours faithfully

PAYLINGS

APPENDIX I

Matters arising from the audit of the financial statements.

	Issue	Implication/ consequence	Recommendation	Management response
1	St Giles budget does not include the Enhance loan repayments.	Currently showing a surplus but with the repayments included it would become a deficit in future years.	Carefully controlled and monitored budget.	The budgets are being reviewed during November for all areas that have changed since setting the budget. The budget was produced for Trustees/ESFA purposes before the decision was made to loan St Giles the funds.
2	J Brady did not declare all related party transactions associated with Enhance on his Business Interest Declaration form. Transactions found with Wellbeing for All Ltd before he resigned.	Governors' duty to declare interest and comply with regulations set by Charities SORP.	All related party transactions must be disclosed including direct and indirect interests.	Noted. J Brady retired in Jan 2021 therefore this will not be an issue in future years. The related party figure in the financial statements reflect the payments to this company.
3	The CFO, CEO and business manager have access to the bank and they are able to authorise all payments across the trust.	Potential fraud risk.	2 person authorisations required for larger purchases and transfers.	The academies process their own BACS payments and the Head Teacher authorises the payments. If the Headteachers are not available to authorise due to holidays or other circumstances the CFO or the Trust Business Manager, dependent on

				<p>availability at the time of request, authorises the BACS payments. St Botolph's are all authorised by the Trust at the present time as there is an Interim Head in post.</p> <p>At Trust level, the Business manager enters all BACS and payments to be made and the CFO or CEO authorise the payment o the banking system.</p> <p>The Trust have been in discussions with Lloyds and working on a solution to add in 2 factor authorisation to mitigate the risks further.</p>
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APPENDIX II

Status update on audit recommendations made in prior year. (Year ended 31 August 2020)

	Issue	Implication/ consequence	Recommendation	Management response
1	Budgets – some of the academy budgets do not consider inflation on all expenditure.	Understatement of expenditure. Can lead to unexpected deficits.	All budgets should be reviewed, and inflation should be considered for all expenses.	All 2020/21 budgets have been reviewed and common assumptions used for the main income sources and main expenditure sources have been made.
2	All remote audit information required before commencement of work.	Delay in audit schedule.	Information to be sent on a timely basis.	This is the first time we have provided remote information and have had a few covid cases that delayed the sending of information. As far as we are aware the delays were not lengthy in most cases.
3	The bank reconciliations have not been authorised various times throughout the year.	The Academy Financial Handbook is not being followed.	Bank reconciliations should be authorised when reconciled monthly.	We have started monitoring reconciliations in 2020/21.
4	During the purchase testing, it was evident that some of the invoices had not been authorised.	The Academy Financial Handbook is not being followed.	All invoices should be input into the accounting software as received. All invoices should be physically authorised.	A new FMP has just been issued which includes who can authorise invoices and

				when they need to be.
5	Purchase made on credit card not authorised.	Financial procedure not being followed.	All credit card purchases should be authorised.	A new FMP has just been issued which includes authorisation of card transactions. The cards we use are not credit cards.
6	Alcohol are being purchased as gifts by some academies.	Purchases of alcohol is not using public money for the purpose it was intended.	Gifts purchased should be in line with Enhance's gifts policy. The AFH prohibits the purchase of alcohol.	All Heads and SBMs have been instructed not to do this.
7	Fraudulent invoice paid.	Other invoices could be paid incorrectly.	Invoices should be reviewed and authorised by the headteacher before payment.	Training on fraud awareness has been provided and the Trust's FMP has been updated to include fraud awareness information
8	An old invoice relating to when the academy was independent of Enhance was not recorded or paid during that period.	The matter was taken to court and resulted in interest and other fees of £5167 being charged to the academy.	Purchase invoices should be processed when received.	All SBMs have been informed of this and action taken against the SBM involved
9	Related party transactions with Trustees or Trustees companies	Possibility of transactions not delivered in accordance with the Academy Financial Handbook	All related party interests be closely monitored and approval sort from ESFA where appropriate	A review of key related party transactions was commenced on 27 November

APPENDIX III

Matters arising from the report on regularity – 2020

	Issue	Implication/ consequence	Recommendation	Management response
1	The bank reconciliations have not been authorised various times throughout the year.	The Academy Financial Handbook is not being followed.	Bank reconciliations should be authorised when reconciled on a monthly basis.	We have started monitoring reconciliations in 2020/21
2	During the purchase testing, it was evident that some of the invoices had not been authorised.	The Academy Financial Handbook is not being followed.	All invoices should be input into the accounting software as received. All invoices should be authorised.	A new FMP has just been issued which includes who can authorise invoices and when they need to be. New monthly monitoring procedures have also been introduced.
3	Purchase made on credit card not authorised.	Financial procedure not being followed.	All credit card purchases should be authorised.	A new FMP has just been issued which includes authorisation of card transactions. The cards we use are not credit cards.

The above items are not material both individually or cumulatively.