



*Feltons*

CHARTERED ACCOUNTANTS  
& BUSINESS ADVISERS

**ST PAUL'S CHURCH OF ENGLAND ACADEMY TRUST**  
**REPORT TO MANAGEMENT**  
**YEAR ENDED 31 AUGUST 2022**

# REPORTING TO THE BOARD OF TRUSTEES

We have pleasure in submitting our audit findings report to the board of trustees of St Paul's Church of England Academy Trust, which set out the findings from our audit of the statutory financial statements of the academy for the period ended 31 August 2022. Auditing standards require us to communicate to those charged with governance various matters from our audit including:

- ▶ our views about significant qualitative aspects of the Academy's accounting practices, including accounting policies, accounting estimates and financial statement disclosures,
- ▶ significant difficulties, if any, encountered during the audit,
- ▶ any significant matters arising during the audit and written representations we are requesting,
- ▶ circumstances that affect the form and content of our Auditor's Report, if any, and,
- ▶ any other significant matters arising during the audit that, in our professional judgement, are relevant to the oversight of the financial reporting process.

This report, sets out matters arising which we believe should be brought to your attention. The matters included have been discussed with management during our audit and we have incorporated their responses and proposed actions.

These matters have come 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, any irregularity which has come to our attention during our audit and assurance tests is reported in this document.

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# REPORTING TO THE BOARD OF TRUSTEES

We have complied with the Financial Reporting Council's Ethical Standard and any threats to our independence, have been properly addressed through appropriate safeguards. No additional facts or matters have arisen during the course of the audit that we wish to draw to your attention and we confirm that we are independent and able to express an objective opinion on the financial statements.

- ▶ This report has been prepared for the sole use of the trustees St Paul's Church of England Academy Trust. We understand that you are required to provide a copy of this report to the Education and Skills 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 Feltons (Bham) Limited towards any party acting or refraining from action as a result of this report.
- ▶ We welcome the opportunity to discuss this report with you and receive your feedback.
- ▶ We would like to express our thanks to all members of the academy's staff who assisted us in carrying out our work during the audit.



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# AUDIT SUMMARY

This report has been prepared in order to communicate the findings of our audit for the period ended 31 August 2022 to management and those charged with governance.

These matters set out are intended to deal with the following:

- ▶ Share information in order to assist both us as auditors and those charged with governance to fulfil our respective responsibilities;
- ▶ Provide constructive observations on matters arising from the audit process;
- ▶ Set out any errors that have been adjusted in the accounts and also any that were discovered but are considered trivial and have not been adjusted;
- ▶ Receive feedback from those charged with governance on any other matters, including the conduct of our audit.

## **Changes to our audit plan**

No circumstances or matters arose which required us to modify our planned approach as set out to you in our audit strategy memorandum.

## **Limitations**

Audit procedures are conducted in accordance with UK Auditing Standards as set out by the Auditing Practices Board.

Our procedures are designed to enable us to express an opinion on the financial statements as set out in our audit report. These auditing standards do not require us to design audit procedures for the purpose of identifying additional matters for the purposes of or use by those charged with governance.

Our audit included consideration of internal controls in operation within your organisation. Appropriate audit tests have been designed after this review but we have not necessarily relied on those controls in all cases.

We have included in this report only those matters that have come to our attention during the course of our audit and this report should not be taken as detailing all weaknesses or errors in the company's controls.

We have received full cooperation during the course of our audit and no limitations have been placed on the scope of our work, including requests for external, third party confirmations where necessary.

# AUDIT SUMMARY

<b>Ethical considerations</b>	We remain satisfied that there are no matters which compromise the integrity, objectivity and independence of our firm or of the audit partner and audit staff.
<b>Independence</b>	<p>As part of our normal audit planning process we assess all areas of the audit for risk and our work is planned so as to take account of those risks. One element of that risk assessment is a review of our relationship with you in order to identify any new actual or perceived threats to our independence within the regulatory and professional requirements governing us as your auditors.</p> <p>No threats to our independence as your auditors have been identified.</p>
<b>Significant difficulties encountered during the audit</b>	We have not encountered any undue difficulties in the course of our audit work and would like to thank the staff for their cooperation throughout the audit.

# AUDIT SUMMARY

Satisfactory clearance of audit work in respect of:

- ✓ Fraud
- ✓ Non-compliance with laws and regulations
- ✓ Related parties
- ✓ Assumptions on going concern basis
- ✓ Significant estimates and judgements in the preparation of the financial statements
- ✓ Representations
- ✓ Material disclosures within the financial statements
- ✓ Material accounting policies
- ✓ Regularity and propriety



# AUDIT SUMMARY

<b>Confidentiality</b>	This report and related schedules has been prepared for the sole use the management and those charged with governance. It must not be disclosed to third parties, quoted or referred to in any way without Feltons prior written consent. No responsibility is assumed by us to any third party.
<b>Adjustments to the financial statements</b>	We have provided a schedule of the adjustments agreed with management during the course of our audit. There are no unadjusted items other than those which we consider to be clearly trivial.
<b>Audit opinion</b>	We have obtained sufficient audit evidence to enable us to provide our audit opinion.





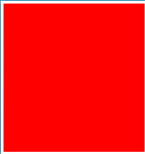
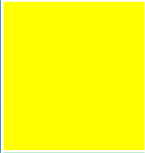



# ST PAUL'S CHURCH OF ENGLAND ACADEMY TRUST

## FINANCIAL SYSTEMS AND CONTROLS

# FINANCIAL SYSTEMS AND CONTROLS

- ▶ We have set out in this section key internal control matters identified during our audit work which we believe should be reported to you.
- ▶ Our evaluation of financial systems and controls relevant to the preparation of the financial statements of St Paul's Church of England Academy Trust was carried out for the purposes of planning and executing our audit of those financial statements. Accordingly, it is not intended to be a comprehensive review or opinion of the organisation's processes and control environment and would not necessarily reveal all weaknesses in accounting practice or internal controls which a special investigation might highlight, nor irregularities or errors which are immaterial to the financial statements.

	Findings categorised in red are a key concern which exposes the academy to a high degree of unnecessary risk and where the recommendation should be a priority of the trustees.
	Findings categorised in amber are a significant concern which exposes the academy to a moderate degree of unnecessary risk and where improvement is believed to be required.
	Findings categorised as green are a minor concern where action is not required but the suggested improvement should be considered or has already been actioned.

# FINANCIAL SYSTEMS AND CONTROLS

- ▶ Our evaluation of financial systems and controls relevant to the preparation of the financial statements of St Paul's Academy Trust was carried out for the purposes of planning and executing our audit of those financial statements. Accordingly, it is not intended to be a comprehensive review or opinion of the organisation's processes and control environment and would not necessarily reveal all weaknesses in accounting practice or internal controls which a special investigation might highlight, nor irregularities or errors which are immaterial to the financial statements.
- ▶ During the course of our audit testing no material errors or deviations in control procedures were identified and therefore we have nothing to report.






# ST PAUL'S CHURCH OF ENGLAND ACADEMY TRUST

## REGULARITY

# REGULARITY

- ▶ We have set out in this section the regularity and propriety matters identified during our audit work which we believe should be reported to you.
- ▶ Our evaluation of regularity and propriety matters relevant to the preparation of the financial statements of St Paul's Church of England Academy Trust was carried out for the purposes of planning and executing our audit of those financial statements. Accordingly, it is not intended to be a comprehensive review or opinion of the organisations regularity and propriety environment and would not necessarily reveal all regularity and propriety issues which a special investigation might highlight, nor irregularities or errors which are immaterial to the financial statements.

	These findings are significant and will require an amended regularity report.
	These findings are of concern and require corrective action but no amendment to the regularity report.
	These findings are not significant but require attention.

# REGULARITY

- ▶ Our evaluation of regularity and propriety matters relevant to the preparation of the financial statements of St Paul's Academy Trust was carried out for the purposes of planning and executing our audit of those financial statements. Accordingly, it is not intended to be a comprehensive review or opinion of the organisation's regularity and propriety environment and would not necessarily reveal all regularity and propriety issues which a special investigation might highlight, nor irregularities or errors which are immaterial to the financial statements.
- ▶ During the course of our audit testing no instances of irregularity were identified and therefore we have nothing to report



# ST PAUL'S CHURCH OF ENGLAND ACADEMY TRUST

## PRIOR YEAR FINDINGS

# PRIOR YEAR FINDINGS

- ▶ There were no prior year findings in relation to systems and controls





# ST PAUL'S CHURCH OF ENGLAND ACADEMY TRUST

## AUDIT STRATEGY MEMORANDUM FINDINGS

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We designed our audit by determining materiality and assessing the risks of material misstatement in the academy's financial statements. The areas with the most risk of material misstatement that have the greatest effect on our audit (including the allocation of resources and focusing of effort) were as followings, together with our approach to addressing these areas as outlined in our audit strategy memorandum sent to you at the planning stage. Please find below our comments of these areas of focus.

Area of focus	Audit approach	Feltons comment
<p><b>Grant income and other revenue.</b></p> <p>Grant income represents the largest source of income from all sources. Revenue recognition for grants is in accordance with Accounts Direction Rules and Charities SORP 19.</p> <p>Sundry income is susceptible to misstatement due to the varied nature of the sources and the controls over that income.</p>	<p>We have obtained grant documentation from the ESFA and other sources and ensured by testing and reconciliation procedures that grant income is properly accounted for in accordance with the applicable rules for income recognition.</p> <p>We have reviewed and tested the controls over material sundry income streams and compared with budgets and management expectations.</p>	<p>There are no significant matters arising from our work.</p>
<p><b>Expenditure</b></p> <p>Expenditure other than payroll costs is derived from various sources and is susceptible to both errors of recording and omission.</p> <p>There is also the risk of inappropriate and irregular expenditure.</p>	<p>We have assessed the materiality of expenditure in the context of the SOFA and balance sheet as a whole, evaluated the controls and conducted appropriate tests on those controls. We have also reviewed and tested, where appropriate, material expense codes.</p>	<p>There are no significant matters arising from our work.</p>

# AUDIT STRATEGY MEMORANDUM FINDINGS

Area of focus	Audit approach	Feltons comment
<p><b>Payroll</b></p> <p>Payroll expenditure is by far the largest individual expense in the financial statements, typically representing between 75% - 80% of total expenditure.</p> <p>Financial statement disclosures are also required to be properly identified and extracted from the records to ensure that there are no qualitative errors of omission from the financial statements.</p>	<p>We have reviewed and tested the controls over payroll expenditure. We have also reviewed budgets and management expectations as well as reviewing and testing exceptional material or unusual items. We have identified and validated the legal disclosures regarding employee costs in the financial statements.</p>	<p>There are no significant matters arising from our work.</p>
<p><b>Management override of controls</b></p> <p>Auditing standards requires us to consider as a significant audit risk areas of potential or actual management override of controls. In completing our audit we will consider the following areas:</p> <ol style="list-style-type: none"> <li>1) Significant accounting estimates and judgements.</li> <li>2) Controls around journal entries and the financial reporting process.</li> <li>3) Significant transactions outside the normal course of business.</li> </ol>	<p>We have identified and specifically reviewed the assumptions adopted by management.</p> <p>We reviewed and carried out sample testing on the management's controls around the processing of journal adjustments (how journals are initiated, authorised and processed) and the preparation of the annual financial statements.</p> <p>We have considered the impact on the financial statements of any significant transactions occurring outside of the normal course of the academy's business.</p>	<p>There are no significant matters arising from our work.</p>

# AUDIT STRATEGY MEMORANDUM FINDINGS

Area of focus	Audit approach	Feltons comment
<p><b>Assets and depreciation</b></p> <p>The distinction between capital and revenue is an area that is very susceptible to error in academy schools.</p> <p>Depreciation calculations are usually material due to the accounting treatment of property.</p>	<p>We have reviewed material revenue repair and maintenance codes for items of a capital nature. We have checked the depreciation calculations for all classes of assets.</p>	<p>Additional accountancy assistance was given with the posting of fixed asset additions and depreciation charges.</p>
<p><b>Funds</b></p> <p>In common with other charities academies are required to allocate revenues and expenses to appropriate funds in line with the accounting requirements of the Accounts Direction Rules and SORP.</p> <p>This is a common area of potential misstatement, particularly between restricted and unrestricted funds which under the terms of governing documents are allowed to be used in different ways.</p>	<p>During the course of our work on income we have reviewed the appropriateness of the allocation of income between the fund categories.</p> <p>We have reviewed and agreed with you the appropriate allocation of expenditure between the funds.</p>	<p>There are no significant matters arising from our work.</p>
<p><b>Pension liabilities</b></p> <p>LGPS deficits are a substantial and material figure on the balance sheet and can only be evaluated by a qualified actuary in accordance with prescribed rules.</p>	<p>We have reviewed the actuarial valuation of the LGPS liability and included the appropriate balances, transactions and narrative disclosures in the financial statements.</p>	<p>There are no significant matters arising from our work.</p>

# AUDIT STRATEGY MEMORANDUM FINDINGS

Area of focus	Audit approach	Feltons comment
<p><b>Going concern</b></p> <p>In accordance with Financial Reporting Standard 102, the board of trustees are required to make an assessment of the academy's ability to continue as a going concern.</p> <p>Your going concern assessment is a key area of emphasis and importance for our audit and. In accordance with the requirements of ISAs (UK), our audit report includes a specific reference to going concern.</p>	<p>We have reviewed and discussed with management the approved budget forecasts for 2022/22 and the 3 year budget forecasts. We have assessed managements key assumptions, judgements and estimates for reasonableness. We have reviewed the disclosures relating to going concern.</p>	<p>The trust's going concern assessment has concluded that there are no material uncertainties in respect of the going concern assumptions.</p> <p>We agree with this assessment.</p>
<p><b>Significant estimates</b></p> <p>Consideration of management estimates and judgements used in the preparation of the financial statements.</p>	<p>We have considered those areas where management has used significant estimates and judgements in the preparation of the financial statements.</p>	<p>We have concluded that these are appropriate for the trust.</p>
<p><b>Regularity</b></p> <p>The accounting officer is required to make a declaration to confirm that they have met their responsibilities to Parliament for the resources under their control during the year. Such responsibilities include to ensure efficient and effective use of resources and that public money is spent for the purposes intended by Parliament.</p>	<p>We have reviewed transactions with related parties ensuring that they took place at no more than cost, the relevant declarations have been completed and appropriate approval has been acquired from the Secretary of State.</p> <p>We have considered the internal controls in place and confirmed the governance structure of the trust.</p>	<p>We have obtained sufficient evidence to support a reasonable assurance conclusion.</p>

# AUDIT STRATEGY MEMORANDUM FINDINGS

Area of focus	Audit approach	Feltons comment
<p><b>Capital projects:</b></p> <p>Capital expenditure on specific projects is susceptible to misstatement or error due to the complexity and long timescale of some work. This can lead to inaccurate disclosure of spending on previously agreed capital project budgets.</p>	<p>We have agreed all major expenditure to supplier invoices and progress payment certificates. Full agreement to actual spend at the year end will be confirmed with discussion with senior management.</p>	<p>There are no significant matters arising from our work.</p>
<p><b>Related / Connected Parties:</b></p> <p>There are strict legal requirements that must be adhered to when an academy trust undertakes related and connected party transactions.</p>	<p>We have ensured all such transactions are in accordance with the Academy Trust Handbook and that all decisions made by the trust are fully recorded and meet all statutory requirements.</p>	<p>There are no significant matters arising from our work.</p>



# ST PAUL'S CHURCH OF ENGLAND ACADEMY TRUST

## SUMMARY OF MISSTATEMENTS IDENTIFIED

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## General

Misstatements (including omissions) are generally considered to be material if they (either individually or in aggregate) could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Our determination of materiality is a matter of professional judgement and is affected by our perception of the needs of the users of the financial statements and assumes that users have a reasonable knowledge of the economic activities of the entity being audited and that they will review the information contained in the financial statements with reasonable diligence. It is also important for users to understand that the financial statements are prepared, presented and audited to appropriate levels of materiality.

## Our determination of materiality

Our audit planning establishes an overall materiality level for the financial statements as a whole. We also determine and allocate levels of materiality (usually lower than overall planning materiality) to specific classes of transactions, account balances or disclosures which might influence users of the financial statements. These factors help us to assess the risks of material misstatement and also determine the nature, extent and timing of our audit procedures.

## Specific

Specific levels of materiality are often determined by the application of a percentage to an appropriate benchmark (e.g. profits, assets, revenues and so on). Relevant data used in the benchmarking can include previous period's figures, latest management accounts and budgets or forecasts.

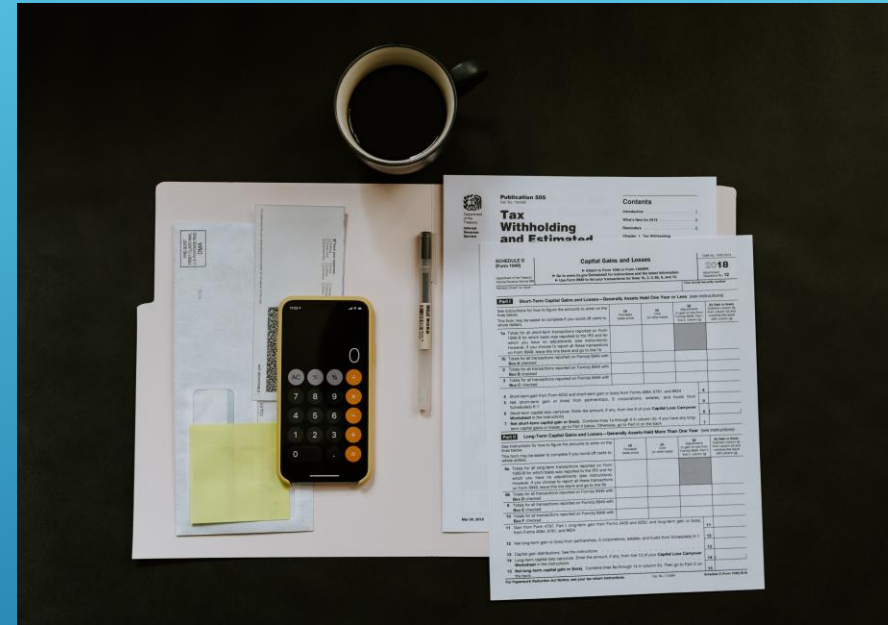
Since all academies are 'not for profit' exempt charities the application of percentages to benchmarks such as 'profit' are not relevant. We consider that revenues and expenses are a more useful means of determining our materiality and these are the main benchmarks that we use in our audit planning.



# SUMMARY OF MISSTATEMENTS IDENTIFIED

## Adjustments and misstatements

We have brought to your attention potential adjustments for your consideration other than items which we consider trivial. Immaterial adjustments not made in the financial statements have been reported to you and any immaterial adjustments that you have requested to be made after the draft financial statements and proposed adjustments have been reviewed and agreed may be subject to an additional cost above our normal engagement agreement.



## Conclusion

There are no unadjusted items other than those which we consider to be clearly trivial.



**ST PAUL'S CHURCH OF ENGLAND ACADEMY TRUST  
KEY CHANGES IN THE ACADEMY TRUST HANDBOOK AND  
ACADEMIES ACCOUNTS DIRECTION**

# KEY CHANGES IN THE ACADEMY TRUST HANDBOOK AND ACADEMIES ACCOUNTS DIRECTION

## ▶ **Academy Trust Handbook (“ATH”) 2022**

### ▶ **Financial reporting**

- Academy Trusts no longer need to submit a Budget Forecast Return Outturn (BFRO). Instead only a Budget Forecast Return (BFR) is required which needs to be submitted in July each year.

### ▶ **Staff severance payments**

- Academies must obtain prior ESFA approval before making staff severance payments where:
  - an exit package which includes a special severance payment is at, or above, £100,000; and/or
  - the employee earns over £150,000 per annum
- In the above instances academies must complete the ESFA severance payments application form. This form must then be submitted to the ESFA using their online enquiry form.

### ▶ **Indemnity**

- Academies can enter into contracts that include indemnities so long as they are part of normal business and they can do this without seeking approval of the ESFA. However, a trust should seek their own internal assessment of each contract. A record of the assessment should be retained by the trust for future evidence.

### ▶ **Religious Characters**

- For academies with a ‘Religious Designation’, any transactions with a religious authority (that can only be provided by them and them only) are automatically deemed to be “at cost”. These transactions need to be disclosed as a related party in the financial statements. However, as these transactions are automatically deemed to be “at cost” there is no requirement for the ESFA “at cost” declaration form to be completed.

# KEY CHANGES IN THE ACADEMY TRUST HANDBOOK AND ACADEMIES ACCOUNTS DIRECTION

## ▶ **Academies Accounts Direction (“AAD”) 2021-22**

- ▶ There have been a number of changes in this year's version of the Accounts Direction that must be considered. We have summarised the key changes below:
  - Guidance has been published by the Charity Commission requiring trusts to describe in a new section of the governance statement the processes they have in place to manage conflicts of interest.
  - In line with guidance issued by HM Treasury for public sector bodies the values of any severance payments, not just staff severance, made by the academy trust must be disclosed in set bandings.
  - From 1 April 2022, the business rates payment process for academies is changing. ESFA will pay the bills on the academy's behalf direct to the billing authority. Academy trusts will need to gross up the value of GAG received by the value of their business rates bill(s) and include a matching expense.
  - Removal of the requirement to produce trading accounts for teaching school (hubs) as a separate note to the financial statements.
  - Included new guidance on accounting for buildings whose construction was overseen by Department for Education (DfE) or a local authority and transferred to the academy trust on completion.
  - Removed the previous requirement to submit dormant accounts to ESFA.



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