



Holmer Green Senior School

Interim Management Letter

19 July 2018

- 1. Introduction and Management Summary**
- 2. Audit Findings**

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1. Introduction and Management Summary

1.1 Summary of Work Undertaken

This report has been prepared for the governors of Holmer Green Senior School following the interim audit of the financial statements for the year to 31 August 2018.

During our interim audit for the year ended 31 August 2018 we reviewed the accounting procedures and system of internal controls. This review was made primarily to aid us in determining the scope of our work and did not purport to identify every irregularity or weakness in the system. The comments and recommendations made in this report arose as a result of our review and are for the sole use of the governors. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

The scope of the above work has been communicated to the governors through our audit planning letter, and our terms of engagement detail the respective responsibilities both Landau Baker Limited and the governors.

We shall be grateful if you will inform us in due course of the steps that you decide to take in respect of the matters dealt with in this management letter. It will also be helpful if you will inform us of any other proposed changes to your system of internal controls as and when they occur.

If you wish to discuss the points in this letter or indeed any other matters relating to the academy's finances and controls, please contact Michael Durst.

We would like to express our thanks to Lynda Jackson and the finance team for their assistance during the audit.

2. Audit Findings

As stipulated by the Academies Accounts Direction, all findings detailed below have been given a priority rating as follows:



High Priority – should be addressed as a matter of urgency.





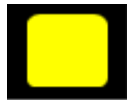
Medium Priority – recommendations to be implemented as soon as practical



Low Priority – recommendations made but little risk – to be dealt with in the future

2.1 Matters arising from our audit work

Findings	Recommendation	Priority	Management Response
<p>1. Purchases We noted that certain purchase invoices were not supported by purchase orders as authorisation of the transactions.</p>	<p>All orders should be in writing and should be attached to goods received notes and invoices in order to provide evidence that the transactions had been authorised by the relevant budget holder and the goods received by the academy.</p>		<p>We accept the reason for this recommendation but feel there is no business case because:</p> <ul style="list-style-type: none"> • Most supply orders are now online – the timescale between placing the order and receiving the goods and Invoice is often a week – it would be time-consuming to place a confirmation order each time and of no business benefit since the Invoice would be paid within a week. HGSS is not overspending as a result and the additional cost in manpower would not provide a cost benefit to the school. • Many orders are known monthly payments – again the additional cost in manpower would not

			<p>provide a cost benefit to the school.</p> <ul style="list-style-type: none"> We will attempt to ensure orders are raised for items outside of these categories
<p>2. Rates Relief The academy received ESFA grant income in relation to rates relief totalling £24,559. This has been offset against rates expenditure within the nominal ledger rather than posted separately to grant income.</p>	<p>In order to comply with established accounting conventions, the academy should ensure that grant income received is posted to the nominal ledger separate of any corresponding expenditure.</p>		<ul style="list-style-type: none"> We will make this change
<p>3. Annual Salary Statements We noted that some of the salary statements selected as part of our sample testing, were not appropriately signed to confirm acceptance.</p>	<p>Personnel files should record all details of each member of staff, including contracts of employment, annual statements of salary and any other contract variation details.</p>		<ul style="list-style-type: none"> Request noted and already actioned
<p>4. Governance Self-Evaluation We understand that the board of trustees has not carried out a governance self-evaluation exercise in the last 3 years.</p>	<p>Section 1.5.17 of the Academies Financial Handbook 2017, state that <i>“the board of trustees must provide details of the academy trust’s governance arrangements in the governance statement published within its annual accounts, and on its website.”</i></p> <p>To facilitate this, it is recommended that a governance self-evaluation exercise is undertaken annually.</p>		<ul style="list-style-type: none"> This is booked for November 2018