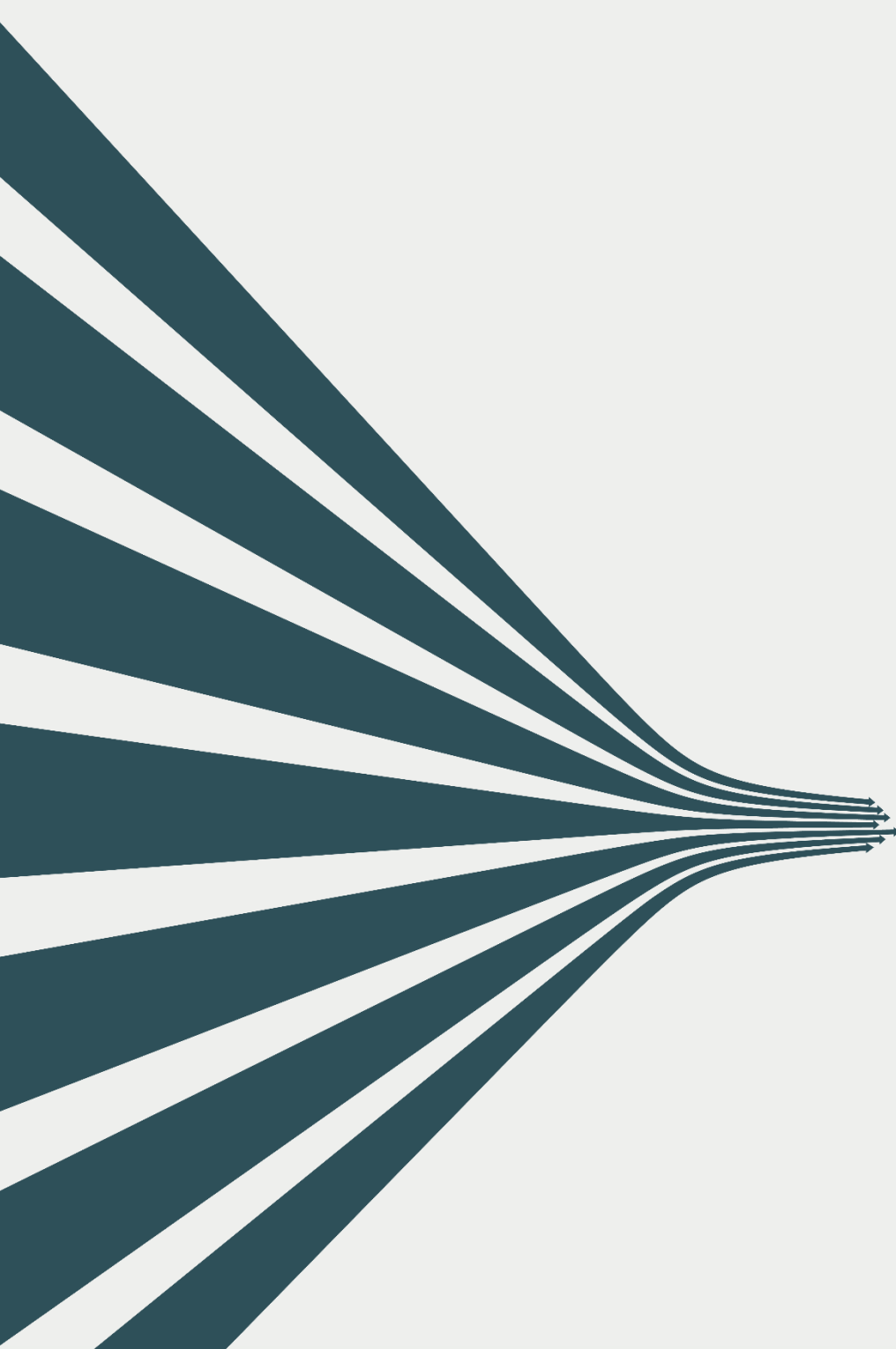


Kings Norton Girl's School

Report to the Board

Year ended 31 August 2024



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Appendices

- I. Summary of financial performance and position**
- II. Summary of misstatements**
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The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for and is not intended for, any other purpose.

01 Introduction

Purpose of this report

The purpose of this report is to bring to your attention the salient points which have arisen from our audit of the financial statements of Kings Norton Girl's School ("the Trust") for the year ended 31 August 2024.

This report provides an update to the matters raised in our Audit Service Plan, which was provided to the directors, focussing on observations that are significant to the responsibility of those charged with governance to oversee the financial reporting process as required by International Standard on Auditing (UK) 260.

Included within this Report are details of any unadjusted misstatements in the financial statements (with the exception of those deemed to be "clearly trivial"), any material weaknesses in systems we have identified during the course of our audit work and our views about the quality of accounting practices and financial reporting procedures, together with any further relevant matters.

This report provides an update to matters which arose during the course of our audit.

Our Audit Service Plan, issued on 12 September 2024 sets out in detail the key issues and risks identified at the planning stage and the related planned audit responses. It also explained that our audit approach concentrates on areas of material risk of misstatement in the financial statements to allow us to reach our opinion in accordance with auditing standards.

The Audit Service Plan addressed the following matters

The nature and scope of the audit

Assessment of our audit independence

Any limitations in the work we plan to undertake

The impact of any new accounting or auditing standards

Form and timing of communications

Risk areas and our approach to those areas

Assessment and reliance on internal controls

We confirm that there were no substantial changes in our approach to the audit or risk areas following the issue of this plan, which need to be brought to your attention.

Limitations

We have prepared this report for your use within the Trust. It is part of our continuing communication of audit matters with those charged with the governance of the Trust and, accordingly, is addressed to the Board. It is not intended to include every matter that came to our attention. For these reasons, we believe that it would be inappropriate for this report to be made available to third parties. If such a third party were to obtain a copy, we would not accept any responsibility for any reliance that they might place on it.

Acknowledgement

We have received full co-operation from all Kings Norton Girl's School staff. We wish to thank in particular Clare Skinner and the entire Kings Norton Girl's School team for the helpfulness and co-operation during the course of the audit process.

Section 02

Audit independence



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02 Audit independence

Under current UK Auditing and Ethical Standards we are required as auditors to confirm our independence to “those charged with governance” i.e. the trustees/directors. Our internal procedures are designed to ensure that all partners and professional staff are aware of relationships that may be considered to bear on our objectivity and independence as auditors.

Our internal procedures are designed to ensure that all partners and professional staff are aware of relationships that may be considered to bear on our objectivity and independence as auditors. The procedures require that audit engagement partners are made aware of any matters which may reasonably be thought to bear on the firm’s independence and the objectivity of the audit engagement partner and the audit staff. This document considers such matters in the context of our audit for the year ended 31 August 2024.

We confirm the following:

We have not carried out any other significant advisory or taxation work in the year ended 31 August 2024.

We have not identified any potential issues in respect of:

- i) personal relationships with the trust;
- ii) gifts or hospitality received from either trust or its senior management or directors;
- iii) contingent fee arrangements

The lead audit engagement partner has not acted for more than ten years and therefore is required to be “rotated”

In addition to performing the statutory audit, we also provide the following non-audit services:

Non-audit service provided	Safeguards in place to ensure our independence
<p>Preparation of the statutory financial statements</p>	<p>The preparation of the financial statements from your own draft accounts is largely a mechanical function to present the results in the necessary format required by the Annual Accounts Direction. Any adjustments required have been made following approval, and are listed in Appendix I to this report. We are able to treat your board of trustees, as a body, as informed management. Furthermore, an independent UHY Hacker Young reviewer, who is not otherwise involved in the audit process, has carried out a review of all journal adjustments and the financial statements.</p>
<p>Certification of the Teachers' Pension End of Year Certificates ("EOYC")</p>	<p>The certification of the Teachers' Pension EOYC does not affect our audit independence.</p>
<p>Completion of the Accounts Return and providing an assurance thereon;</p>	<p>The completion of the Accounts Return is largely an exercise involving the extraction of relevant items from the financial statements and supporting accounting records, and the provision of an assurance report confirming that the Return has been completed consistently with the financial statements and other supporting records. This is not considered to affect our audit independence.</p>

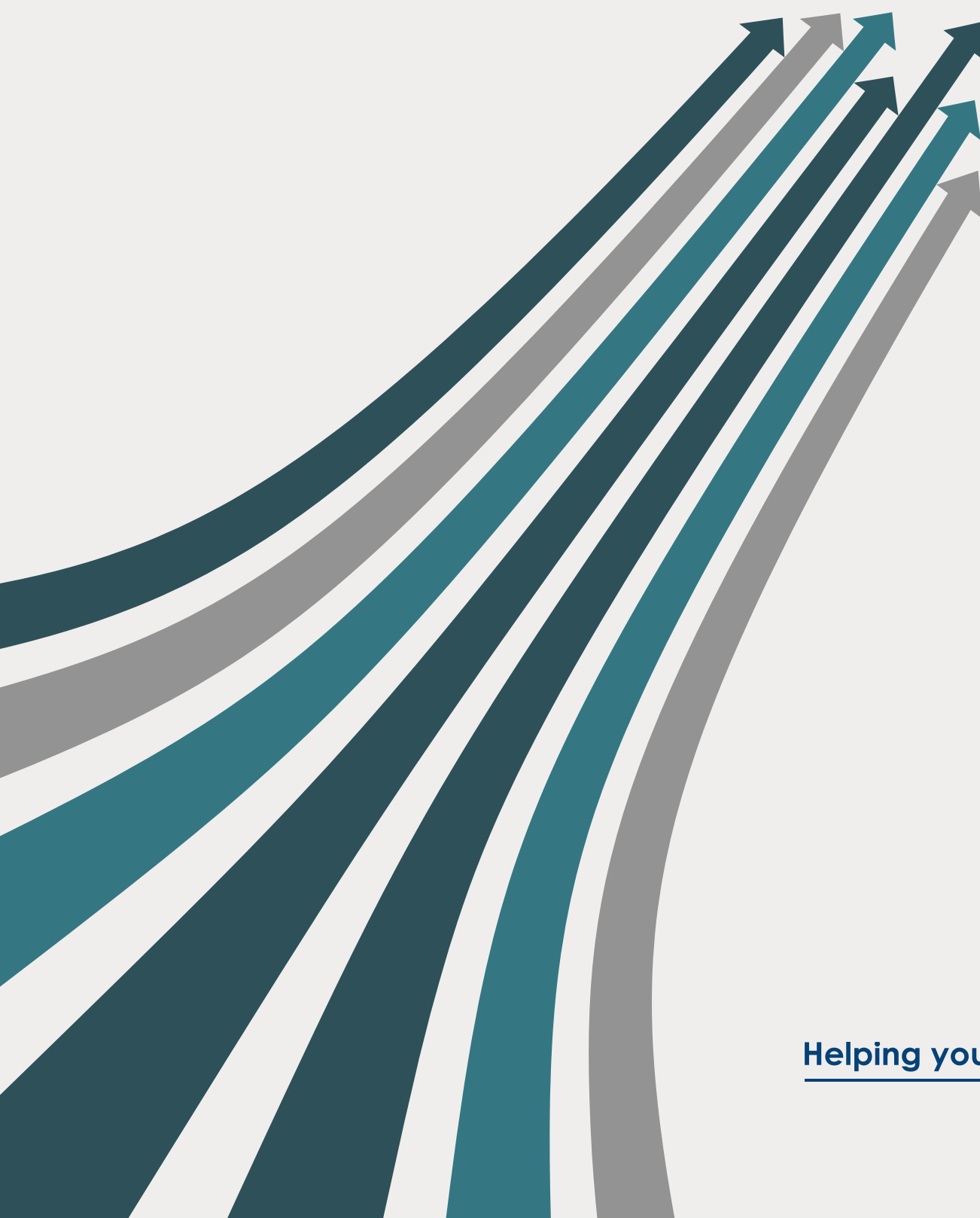
We therefore confirm that, in our professional judgement, at the date of this report:

UHY Hacker Young LLP is independent within the meaning of the applicable regulatory and professional requirements

The objectivity of the audit engagement partner and audit staff is not impaired

We are able to express an objective opinion on the financial statements

Audit status



03 Audit status

We set out below the current status of the audit and our timetable to completion.

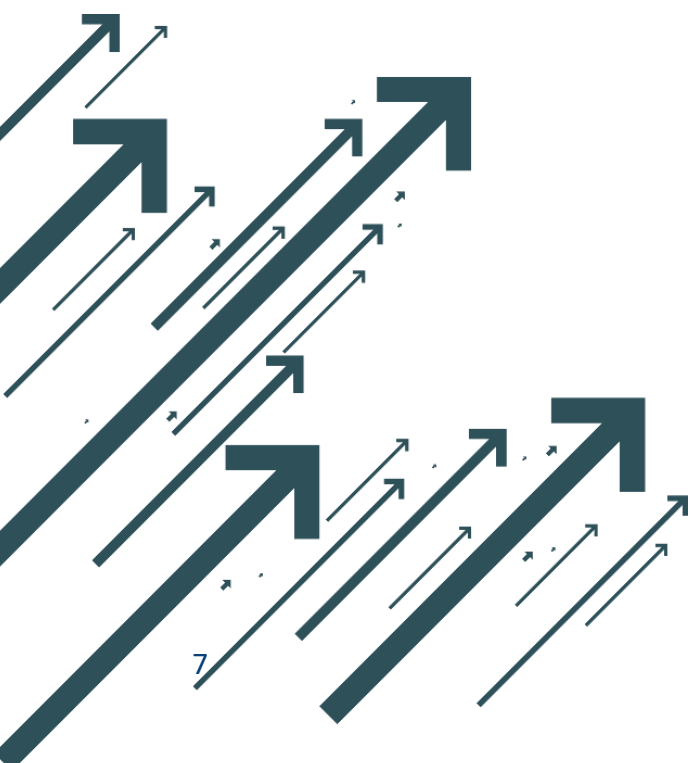
The audit was planned and conducted to concentrate on the high risk areas in the financial statements, as noted in our Audit Service Plan. The key audit issues arising in these areas are expanded on in the sections below.

The systems for income, costs, overheads, assets and payroll were documented and the controls over these systems evaluated. Using these assessments we designed and conducted detailed tests of transactions and balances. We have substantially completed our work, and intend to issue an unmodified audit opinion, subject to the trustees' approving the financial statements and any other minor outstanding items listed below being received and/or completed.

There have been no limitations in the scope of our audit work completed to date. There are, however, at the time of writing some outstanding unresolved audit matters which are set out below which may or may not have an impact on our audit opinion on the trust's financial statements:

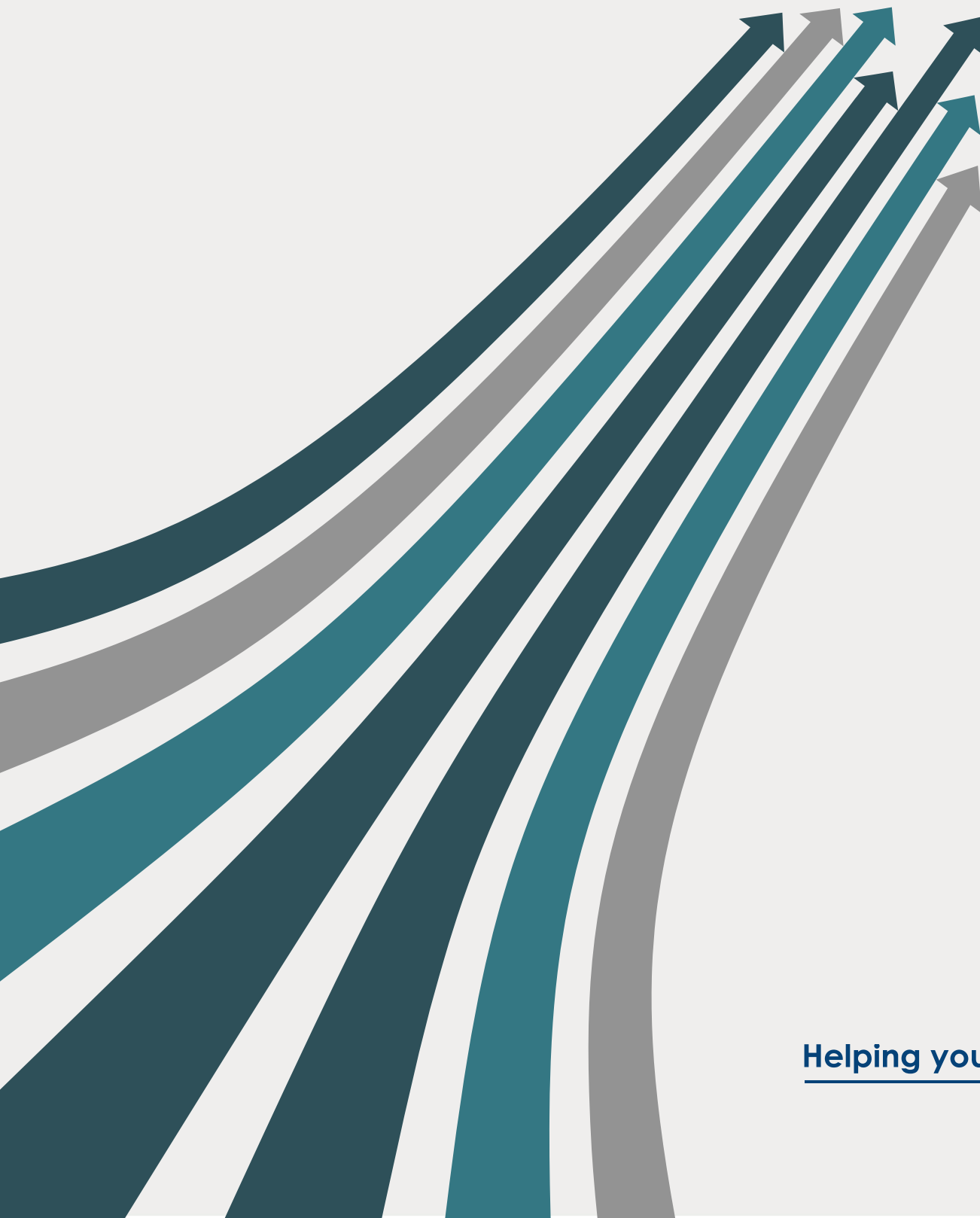
- Final review and approval by you of the financial statements
- Agreement of the financial statements, including the Trustees' Annual Report, to the latest draft
- Subsequent events review to the date of signing the financial statements, including review of latest minutes and management accounts
- Receipt of signed letter of audit representations

We expect to be in a position to sign our audit report as soon as practicable after clearing the outstanding matters above. The timetable for the completion and release of the financial statements and this report to the ESFA will be discussed with management.



Section 04

Audit scope and other communications



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04 Audit scope and other communications

Audit scope

Our terms of engagement are set out in our letter of engagement which sets out our audit responsibilities and their limitations and the responsibilities of the trustees in relation to the financial statements.

Materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process.

It applies to monetary misstatements and also to disclosure requirements in compliance with the accountancy framework and applicable law.

	Amount ('000s)	Qualitative factors considered
Materiality for the trust's financial statements	£75	Income is the most appropriate benchmark as main KPI for the trust. We have used a 1% benchmark
Materiality for specific transactions, balances or disclosures	£Nil	Lower materiality considered for related party transactions and directors remuneration. There is no quantitative limit set for these transactions as they are qualitatively material.

Changes to auditing standards

No significant changes in auditing standards have been made during the course of the year.

Changes in accounting policies

No significant changes in accounting policies have been made during the course of the year.

Audit, accounting and fraud issues

We have obtained sufficient and appropriate evidence for the significant issues and risks identified during our audit.

Consideration of fraud

We have discussed fraud with Clare Skinner. It was confirmed that:

- there have been no instances of fraud during the year; and
- those charged with governance of the company consider there to be a low risk of fraud.

During the course of our work we found no evidence of fraud and corruption. We must emphasise, however, that the responsibility for the prevention of and detection of fraud lies with management, and our work does not remove the possibility that fraud and corruption may have occurred and remain undetected.

During our limited scope assurance engagement on regularity we did not identify any instances where the trust has not been compliant with the Academy Trust Handbook 2023.

Related parties

We are not aware of any related parties or related party transactions which have not been disclosed in the financial statements.

Laws and regulations

We are not aware of any significant incidences of non-compliance with laws and regulations during the year.

Confirmation request from third parties

Confirmations have been requested and received for all bank and loan accounts.

Disclosures

A review of disclosures has been performed as part of our review of the accounts with necessary amendments being processed.

Recommendations for improvements in controls

We are required to report to you on the significant deficiencies we found in internal controls during the course of our audit, along with any other deficiencies identified. Please see the relevant sections below for further details.

Audit adjustments to the accounts

It is considered good practice to inform you of any material misstatements within the financial statements presented for audit that have been discovered by us. A material misstatement is one where the auditors believe that the misstatement is such as to affect the reader's understanding of the accounts. Materiality is considered in relation to the value of the misstatement and also its context and nature.

During the course of the audit, adjustments were necessary in order to facilitate the preparation of the statutory financial statements, consisting of fundamental underlying transactions together with matters of presentation for statutory purposes.

A schedule of audit adjustments has been provided to you for approval. The nature of the main adjustments included the following. These are noted on Appendix II.

Unadjusted errors

We are required by Auditing Standards to inform you of any such adjustments which have not been made, other than those deemed to be clearly trivial.

A schedule of unadjusted errors for each undertaking has been provided to you in Appendix II The letter of representation states that the individual amounts and aggregate total is immaterial and, accordingly, no adjustment is required.

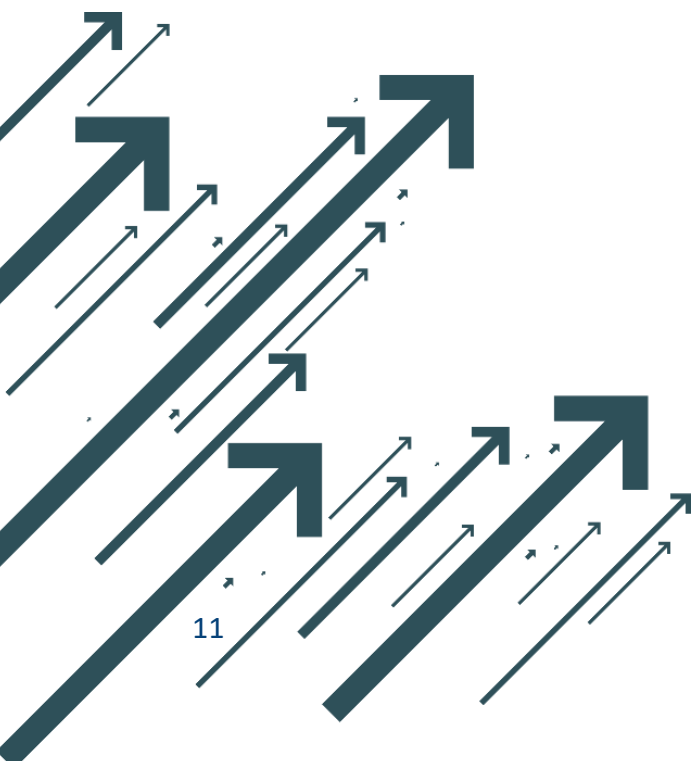
In assessing the key areas of audit judgement we have had full regard to our assessed level of materiality. A final materiality calculation will be undertaken prior to finalisation of the accounts.

Representation letter

A draft of the proposed letter of representation is attached separately. We draw your attention to the significant representations, judgements and intentions.

Subsequent events

Our audit procedures and discussions with management carried out to date have not identified any significant post balance sheet events, either adjusting or non-adjusting events. This matter will be discussed further with the audit committee. We will complete our audit procedures in this area at the point of approval of the financial statements, at which time we will require suitable representations from the directors.



Section 05

Going concern



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06 Going concern

Requirements and Management's assessment

Management were to evaluate whether the trust is trading as a going concern.

The finance team have confirmed that they believe the academy's financial statements should not be prepared on a going concern basis on the grounds that on 1st January 2025, Kings Norton Girls School is expected to join West Midlands Academy Trust and at that date all of its assets and liabilities will be transferred. From 01 January 2025 the legal entity known as Kings Norton Girls School will cease to operate and for this reason management consider the Academy Trust is no longer a going concern. The accounts have therefore been prepared on the basis that the Academy Trust is not a going concern..

Our work on going concern

We concur with management that the assets and liabilities transferred to West Midlands Academy Trust on 1st January 2025.

Conclusion

Our review supports the trustees' opinion that the going concern principle is not appropriate.

Section 06

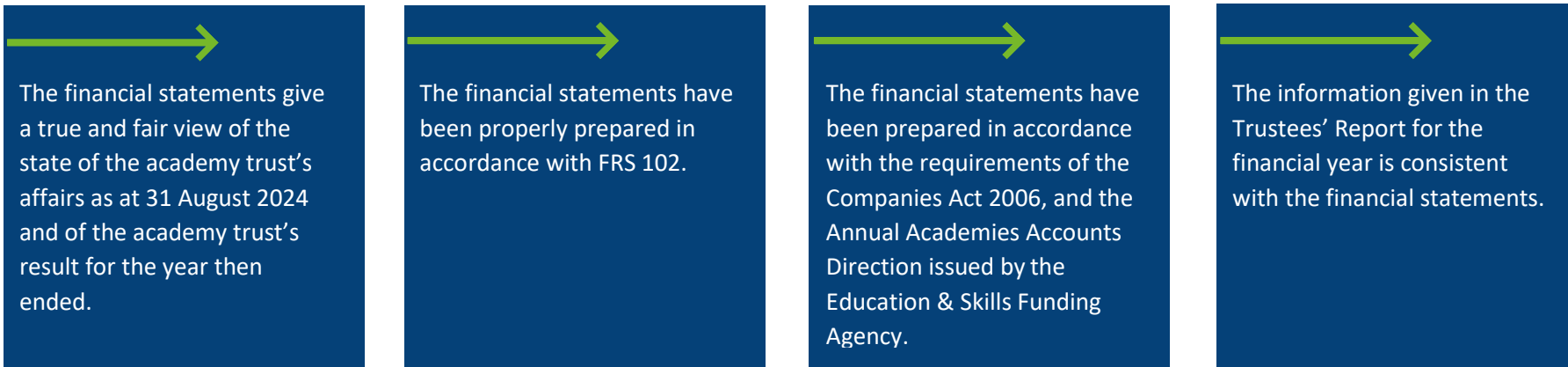
Further audit requirements



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06 Further audit requirements

Our audit of the financial statements is carried out in accordance with International Standards on Auditing (UK), with the aim of forming an opinion whether:



We are also required to report on whether:



Risk-based audit

We performed a risk-based audit, focussing our work on key audit areas. We began by developing further our understanding of the trust's activities and the specific risks it faces. We held an initial planning meeting with key management and finance staff to ascertain management's own view of potential audit risks, and to gain an understanding of the trust's activities.

We have also developed an in depth understanding of the accounting systems and controls so that we may ensure their adequacy as a basis for the preparation of the financial statements, and that adequate accounting records have been maintained.

Our audit procedures were carried out, and then we ensured the presentation and disclosure in the accounts meet all the necessary requirements.

Risk-based limited assurance engagement

In addition to our audit opinion, we are also required to perform a limited scope assurance engagement, reporting both to you and the Education & Skills Funding Agency ("ESFA"), considering whether the expenditure disbursed and the income received by the trust during the year ended 31 August 2024 has been applied to the purposes identified by Parliament and that the financial transactions undertaken by the trust conform to the authorities which govern them.

This latter point is concerned with looking at compliance with the requirements of the various frameworks that apply to the trust, including your Memorandum and Articles of Association, your Funding Agreements, the Academies Trust Handbook for the relevant period, the Academies Accounts Direction 2023 to 2024, the Charities Act 2011 and the Companies Act 2006.

Our approach was risk-based. We began by developing our understanding of the trust's own approach to ensuring the proper application of funds received and to ensuring compliance with relevant legal and contractual frameworks. We developed an understanding of the trust's governance arrangements and internal control procedures, planning our work accordingly to allow us to gain sufficient evidence to give the required limited assurance opinion.

Our assurance procedures included reviewing and commenting on the Accounting Officer's Statement on Regularity, Propriety and Compliance, and the trustees' report and governance statement. We also discussed with the Accounting Officer the procedures performed so that they may sign the Regularity Report.

Section 07

Significant risks and other matters identified in our audit



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07 Significant and other matters identified in our audit

As part of our audit procedures we are required to consider the significant risks that require special audit attention.

International Standards on Auditing require us to consider the following for audit risks:	Whether there is a risk of fraud
	Whether audit risks are related to recent significant economic, accounting or other developments and, therefore, requires specific attention
	The complexity of transactions
	Whether the risks involves significant transactions with related parties
	The degree of subjectivity in the measurement of financial information related to the risks, especially those measurements involving a wide range of measurement uncertainty
	Whether the risks involves significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.

The identified significant audit risks were communicated to you in our audit planning report issued before our main fieldwork began.

We now note the work performed and conclusions drawn on the following pages:

Risk area	Explanation of the risk	Audit work performed	Conclusion
Revenue recognition (significant risk)	<p>There is an inherent risk in all organisations in relation to revenue recognition, i.e. that income may be accounted for in an incorrect period or on an inappropriate basis. The auditor's responsibility to consider fraud in an audit of financial statements therefore is an assumption that revenue recognition is a fraud risk.</p> <p>Income from grants should be recognised when the conditions of recognition have been satisfied.</p> <p>Income from contractual arrangements should be recognised in the period in which entitlement has been earned through service delivery.</p> <p>Management exercise judgment in determining when income from grants should be recognised.</p> <p>There may also be management judgement in the classification of income between restricted and unrestricted funds.</p>	<p>We documented the income systems and carried out procedures to gain assurance over the operation of internal financial controls in place to prevent the loss of income and to ensure that income is recorded in the correct period.</p> <p>We discussed with the trustees and academy finance staff whether they are aware of any cases of fraud occurring during the year. We also reviewed Board and Committee minutes.</p> <p>Our audit testing involving sampling income balances and the associated funding agreements, verifying to supporting documentation to ensure income has been recognised in the correct period.</p> <p>We have reviewed relevant correspondence to ensure that grant income and expenditure has been recognised in line with the grant agreements and the Charities SORP.</p> <p>We also considered whether income had been correctly classified between restricted and unrestricted funds, reviewing any terms and conditions of, for example, grant income.</p>	<p>No significant issues arose during our audit testing and sample based checks including on our work on ESFA and non-ESFA income.</p> <p>Our audit testing to determine the cut-off of income in the year did not identify any material matters relating to the year-end cut-off procedures applied by the trust.</p>



Risk area	Explanation of the risk	Audit work performed	Conclusion
<p>Management override of controls (significant risk)</p>	<p>The trustees and other management have the primary responsibility for the detection of fraud, as an extension of their role in preventing fraudulent activity. Trustees should ensure a sound system of internal controls is in operation to support these, and other, objectives.</p> <p>Auditing Standards presume a significant risk of management override of the system of internal controls.</p> <p>ISA (UK) 240 requires that the risk of management override of controls should be considered to be a significant risk for all audit engagements.</p> <p>Our audit is designed to provide reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error.</p> <p>We are not responsible for preventing fraud or corruption, although our audit may serve to act as a deterrent.</p>	<p>Our audit considers this risk and we adapt our procedures accordingly. We have:</p> <ul style="list-style-type: none"> Updated our documentation around the posting of journals and formulation of key estimates and assessed the design and implementation of those controls. Assessed and challenged accounting estimates, judgements and decisions made by management. Using our data analytics software, tested a sample of journal entries, adjustments and accounting estimates for bias that could result in material misstatements. Review significant transactions to ensure they were in the normal course of business. <p>During our audit, we considered the possibility of manipulation of the financial results, for example through the use of journals or management estimates, such as provisions and accruals.</p>	<p>No significant issues arose during our audit testing and sample based checks including on our work on ESFA and non-ESFA income.</p> <p>We found no indication of management bias or significant transactions outside the normal course of business.</p>



Risk area	Explanation of the risk	Audit work performed	Conclusion
Valuation and disclosure of the LGPS deficits and related disclosures required under FRS 102	<p>The fair value of the Trust's share of the LGPS pension assets and liabilities will need to be included in the financial statements. There is a risk that this will not be recorded and accounted for correctly due to the complexities of the FRS 102 requirements.</p> <p>Management do not have the appropriate expertise to value the pension liability and, therefore, a valuation needs to be obtained from the local authority which has arranged for professional valuations from actuaries.</p> <p>This is a material provision and accounting estimate to be included with complex disclosures that are subject to a high degree of judgement.</p>	<p>We have obtained the actuarial valuations and have reviewed the assumptions applied for reasonableness and considered the assumptions in comparison with those utilised by other academies.</p> <p>We have reviewed the documentation from the actuary and ensured that the assumptions therein are valid and reasonable.</p> <p>We ensured that the correct provision has been made at the end of the year and that all movements and disclosures have been disclosed correctly in the financial statements.</p>	<p>The basis of the pension liability appears reasonable, and is in line with that used by other academies.</p> <p>You have instructed the actuary to prepare the pension valuation report using their default assumptions and so McCloud has been taken into account.</p> <p>The valuation also includes the updated mortality assumptions.</p>



Risk area	Explanation of the risk	Audit work performed	Conclusion
<p>Regularity and propriety of income and expenditure</p>	<p>We are required to obtain limited assurance about whether the expenditure disbursed and income received by the trust during the financial year have been applied to the purposes intended by Parliament, and whether the financial transactions conform to the authorities which govern them.</p> <p>We are required to provide an opinion on regularity and, during the course of the audit, we will need to carry out additional work to understand and document how the trust and, in particular, the accounting officer ensures that funds are used for the approved purposes.</p> <p>Regularity also covers compliance with the Academies Financial Handbook which contains a significant number of ‘must’ requirement which the trust needs to adhere to.</p>	<p>We reviewed the systems to ensure that there are financial controls in place that comply with guidelines in the Academies Accounts Direction.</p> <p>We undertook an assessment of the risk of material irregularity and impropriety across all of the academy trust's activities.</p> <p>We also reviewed and assessed the adequacy of the procedures and policies in place to ensure that they meet the requirements set out by government. This included appropriate delegations and risk assessments.</p> <p>We discussed with the trustees and trust finance staff whether they are aware of any cases of fraud occurring during the year.</p> <p>We checked a sample of transactions, including purchases and salary payments, to source documentation to ensure expenditure was incurred for a valid reason and does not indicate any regularity issues.</p> <p>Our audit testing involved sampling income balances and the associated funding agreements, verifying these to supporting documentation to ensure income has been recognised in the correct period.</p>	<p>We have not been informed of any material control weaknesses or irregularity.</p> <p>Based on our review of the regularity checklist and ATH questionnaire, the work undertaken to verify the responses provided, and our consideration of the regularity and propriety of transactions selected for our sample based testing, we are satisfied that the conclusion reached in our regularity assurance report is appropriate.</p> <p>We have not noted any instances of non-compliance with the ATH 2023.</p>

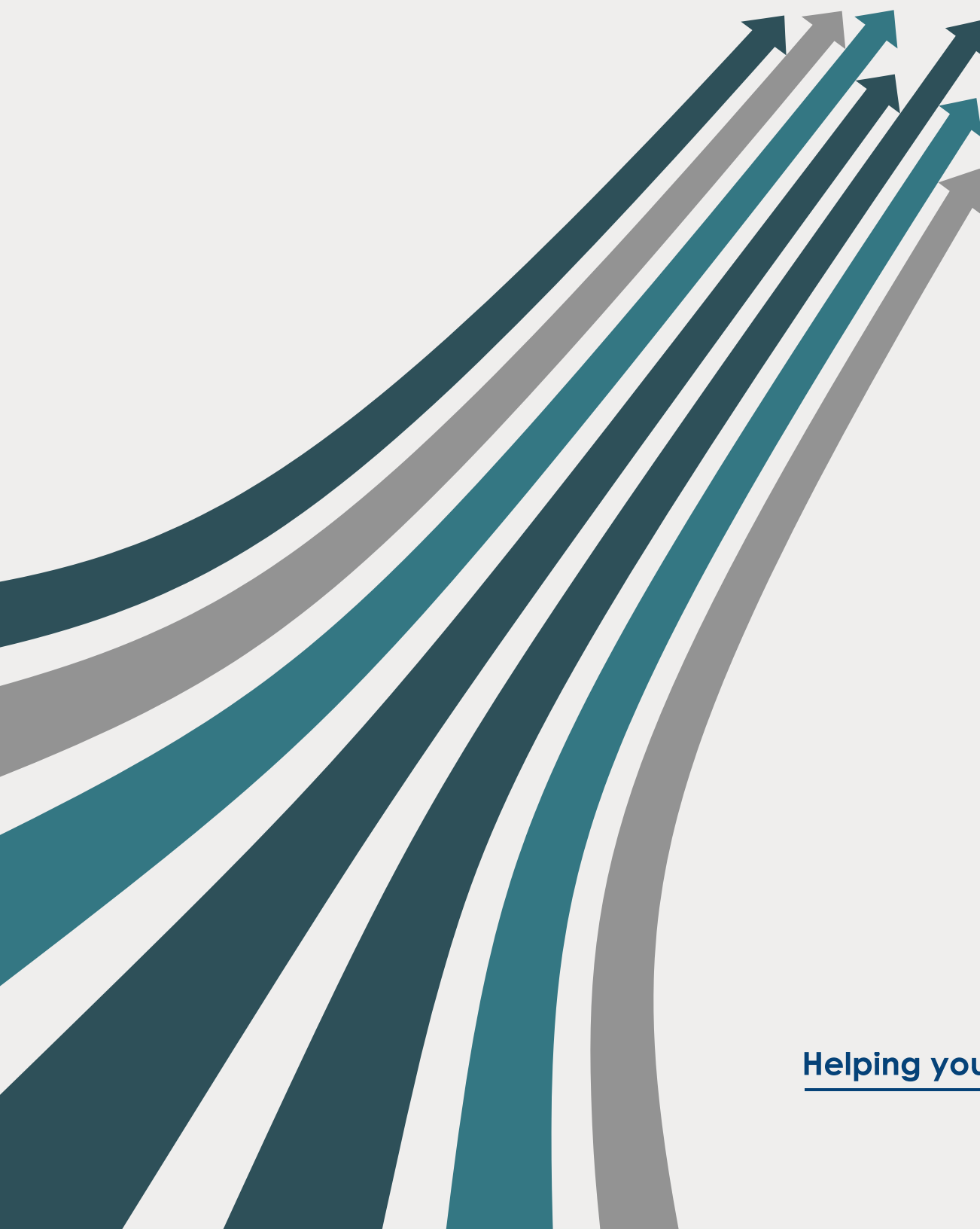
Risk area	Explanation of the risk	Audit work performed	Conclusion
Related and connected parties	<p>We are required to consider if the disclosures in the financial statements concerning related party transactions are complete and adequate and in accordance with the requirements of the Companies Act 2006 and Academies Accounts Direction. In particular, the Accounts Direction requires that:</p> <ul style="list-style-type: none"> • declarations of business interests have been completed by those in a position to influence the academy trust, including key staff; • contracts with connected parties have been procured following the academy trust's procurement and tendering process; • where contracts are entered into or renewed, the academy trust has obtained statements of assurance (confirming no profit element was charged) and the academy trust has followed their internal processes in reviewing this; • the academy has requested, under the open book arrangement, a clear demonstration that the charges do not exceed the cost of supply; • any trustees who provide consultancy services to the academy are not receiving a profit for their services and the correct procurement and tendering process is being followed; and • no connected party gains from their position by receiving payments under terms that are preferential. 	<p>We discussed with management and reviewed trustee and other senior management declarations to ensure there are no related party transactions which have not been disclosed.</p> <p>Internal procedures in place for the identification of related party transactions were reviewed and assessed, and any relevant information concerning any such identified transactions was reviewed.</p> <p>A Companies House search was completed for each of the trustees to identify possible related parties with which the trust may have transacted.</p> <p>We have requested written management representations from you confirming the full disclosure of related party transactions.</p>	<p>A number of related party transactions have taken place between the trust and parties connected to the trustees during the year.</p> <p>Based on the work undertaken, we have not identified concerns over the completeness of related party transaction disclosures.</p> <p>We will obtain written representations from you also, asking the Board and to confirm their satisfaction with the completeness of the disclosures made.</p>

Other matter	Explanation of the risk	Audit work performed	Conclusion
Capitalisation of property improvements - treatment and depreciation	<p>There is a risk that capital works may be expensed instead of capitalised in line with the Trust's capitalisation policy.</p>	<p>We reviewed expenditure in the year and documentation of projects undertaken to ensure that the expenditure is complete and that where necessary, accruals have been made at the year-end.</p> <p>We ensured that the capital grant income was recognised correctly and that the costs of improvements were capitalised.</p> <p>We have recalculated depreciation and ensured the accounting policies have been correctly applied.</p>	<p>We are satisfied that capital items and depreciation have been accounted for correctly.</p>

Other matter	Explanation of the risk	Audit work performed	Conclusion
Completeness of liabilities and accruals	<p>Owing to the timing of the year end, and the reduced operations of the trust and schools during that period, there is a risk that expenditure is not recorded in the correct period where goods and services have been supplied in the year but where an invoice has not yet been received.</p>	<p>We have performed a detailed review to ensure that proper cut-off procedures are in place and that a detailed search for unrecorded liabilities and costs has been carried out.</p> <p>We have performed cut-off testing on expenses and a search for unrecorded liabilities to ensure that items have been accounted for in the correct accounting period.</p>	<p>Our work has confirmed that costs have, in all material respects, been recognised in the correct period.</p>





Section 08

Status of significant issues raised in prior year



08 Status of significant issues raised in prior year

This section updates you on the status of significant issues we brought to your attention **last year**, and confirms whether any further action is still required.

No	Significant issue raised in prior year	Priority prior year	Solution suggested in prior year	Follow up comments / further action required	Priority now
1	The trust has entered into an agreement with a relate party (Reach School Trust) for £12k pa. The ESFA were not informed of the agreement period to the transaction taking place - ATH para 5.41.		<p>It is recommended that:</p> <ul style="list-style-type: none"> ESFA should be notified of related party agreements if the value is below £20k, (£40k for 2023/24) ; if the transaction is in excess of £20k, (£40k for 2023/24) approval must be obtained. <p>Management Response The invoice for Reach was received post year end and no purchase order had been put in place by the budget holder, the spend was therefore unknown and not reported to the ESFA. It has since been reported using the relevant ESFA form and is now used as soon as orders are placed with Reach.</p>	The ESFA have been notified of all transactions irrespective of value, although none of these have exceeded £40k and would require approval.	N/A
2	Settlements and key trust transactions are agreed with trustees via emails, it was not clear during the audit that these had been clearly communicated to all trustees.		<p>It is recommended that key transactions for example contracts and settlements are:</p> <ul style="list-style-type: none"> discussed and confirmed at the next relevant board meetings; the appropriate emails entered onto the board minutes. <p>Management Response This has been communicated with the Governance Professional to ensure that the agenda includes 'decisions made via email' as appropriate. All emails are attached to procurement decisions to demonstrate that appropriate authorisation has been received.</p>	Key transactions are disclosed appropriately to the board and can be clearly identified in the approved minutes.	N/A
3	The trust does not receive any interest on their bank balances. The current balance is £1.5m. A review should be carried out to identify: <ul style="list-style-type: none"> the instant requirement for cash; any balance that can be invested for a longer period (possibly using a start basis of 30 day deposits) This would increase the to the trust.		<p>It is recommended that KNGS consider utilising a higher interest yielding bank account.</p> <p>Management Response £100k was in a 32-day notice savings account during the year ending 31 Aug 2023. In October 2023, £250k was placed in a 95-day notice savings account. Trustees will be asked to approve the opening of a further saving account now that year end balances are confirmed.</p>	KNGS have invested £400k into savings accounts and earned £14k interest for 2023/24. The trust may wish to invest further excess reserves to generate additional interest.	

Section 09

Recommendations for the current year



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09 Recommendations for the current year

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit.

International Standard on Auditing (UK) 265, *Communicating deficiencies in internal control to those charged with governance and management*, (ISA (UK) 265) requires us to report separately where we identify missing or ineffective controls which, in our judgement, are of sufficient importance to bring to the attention of those charged with governance.

These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you. As the purpose of the audit is for us to express an opinion on the trust's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

We confirm that we have not identified any significant deficiencies in internal control during the 2024 audit. We did note some areas where improvements could be made and these are discussed below.







These are areas that the Board may wish to consider as part of their annual review of internal controls and in aiming to meet best practice guidelines.



These recommendations should be considered by the Board to ensure that they are in compliance with the ESFA guidelines or to enhance efficiencies.



These recommendations should be considered by the Board as a matter of urgency and steps taken to implement appropriate measures to address the deficiency.

No	Risk	Area	Observation	Recommendation	Management Response
1		Trustees' attendance	<p>In reference to Section 2.3 of the Academies Trust Handbook (ATH), it is stated that "Board meetings must take place at least three times a year, although trusts should consider meeting more frequently to effectively discharge their responsibilities."</p> <p>Upon reviewing attendance records, we noted that five out of the eleven Trustees attended fewer than three meetings during the year. While the trust remains compliant with the minimum requirement set by the ATH and ESFA, this low attendance by some trustees may impact the board's ability to effectively fulfil its governance responsibilities.</p>	<p>It is recommended that the board consider reviewing its governance arrangements to ensure a consistent level of engagement from all Trustees. This may include measures such as</p> <ul style="list-style-type: none"> adjusting meeting schedules, offering remote attendance options addressing any barriers that may be contributing to poor attendance. <p>Encouraging higher participation would support the board's effectiveness in discharging its responsibilities and maintaining robust oversight of the trust's activities.</p>	<p>Meetings have been made available to trustees online as well as in person since the Pandemic. Governance Professional and Chair of Trustees have discussed potential barriers. The risk register details actions to be taken in the event of non-attendance.</p>
2		ESFA Returns	<p>During our review of the Condition Improvement Fund (CIF) projects, we identified a duplicated cost of £6k. As a result, the trust have self-reported this issue to the Education and Skills Funding Agency (ESFA) and arranged for the overpaid amounts to be refunded.</p>	<p>It is recommended that the trust implements more robust internal controls and review processes for CIF claims. This should include an additional layer of review to verify the accuracy and completeness of all cost submissions before they are reported to the ESFA. Ensuring claims are accurate will help the trust avoid potential compliance issues and maintain good standing with funding authorities.</p>	<p>The ESFA have confirmed resubmission and that KNGS owes them just over £1,600 due to a line that was double counted in error across two projects. An additional layer of review can be added as KNGS joins a MAT and will have appropriate personnel to do this.</p>
3		Declaration of interests	<p>One instance was identified where a Trustee's interest was not identified in the register of interests but declared on Companies House. No transactions have taken place with this company.</p>	<p>It is recommended that the school ensure that all trustee interests are disclosed on business interests.</p>	<p>The trustees do complete a register of interest at the start of each academic year and are asked to declare any updates at the start of each meeting.</p>
4		Contract Register	<p>Our review found that the trust does not currently maintain a formal contract register. The absence of a centralized register makes it challenging to track contract details, valuations, and expenditure against budgeted expectations on an ongoing basis.</p>	<p>It is recommended that the trust establish and maintain a formal contract register. This register should include key contract details such as contract value, term, renewal dates, and any relevant obligations. Implementing this will help the trust monitor contract performance, control costs, and ensure that contractual commitments align with planned budgets. A well-maintained register will also support better financial oversight and more effective decision-making.</p>	<p>The contract register is part of our Every compliance system but it doesn't include costs as they are attached on the finance system for review and consideration when renewing and as part of the budgeting process (this is to remove duplication of workload). This will be reviewed as part of the conversion to a MAT.</p>

Other audit findings

We are also required to communicate other audit findings such as:

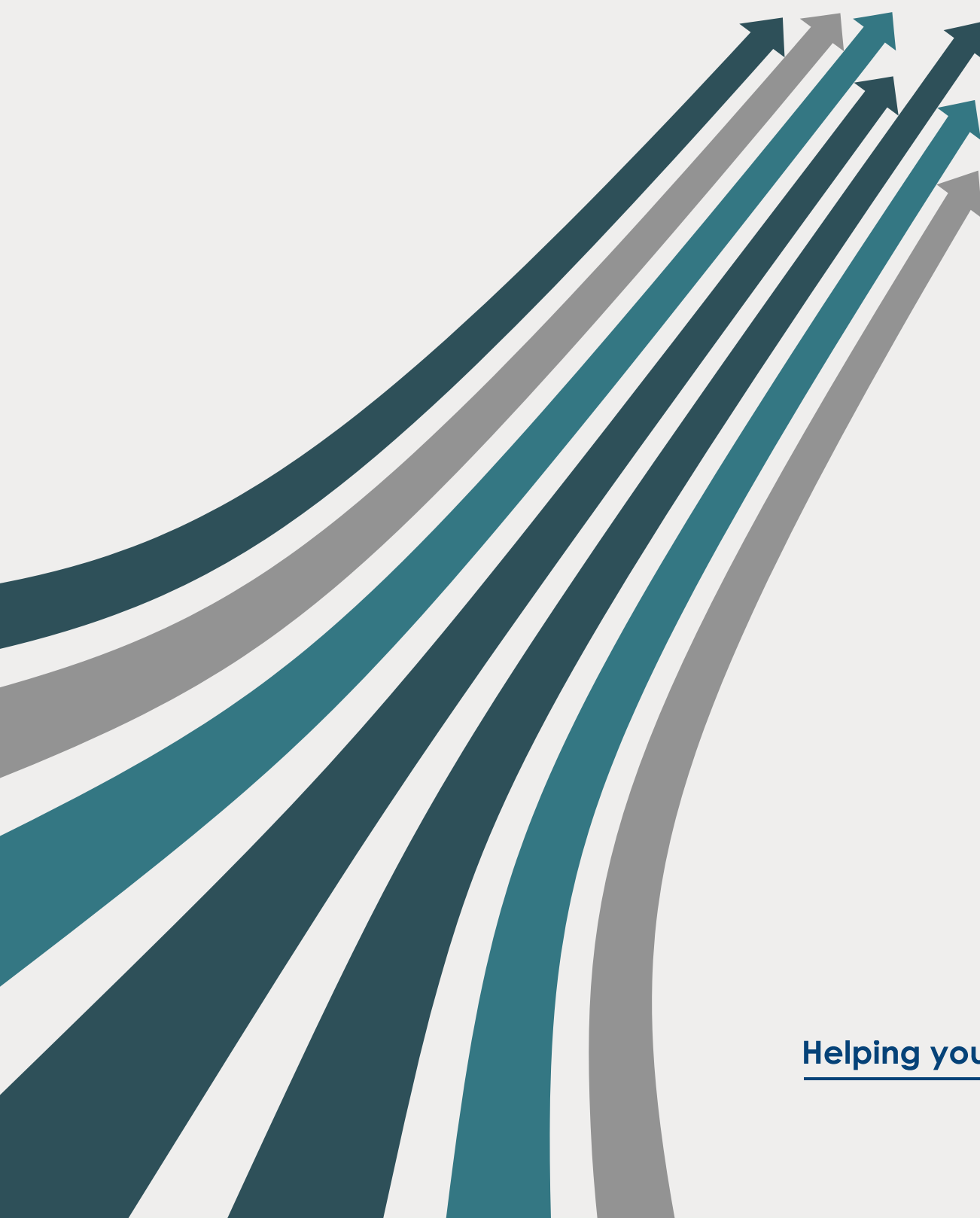
where we consider a significant accounting practice, that is acceptable under the applicable financial reporting framework, not to be most appropriate in the particular circumstances of the entity;

significant difficulties, if any, encountered during the audit; and/or

other matters, if any, arising from the audit that, in our professional judgement, are significant to the oversight of the financial reporting process are communicated to those charged with governance.

Appendix I

Summary of financial performance and position



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Financial performance

Based on the audited financial statements, **the academy trust's total reserves increased by an amount of £297k** (2023: increased by £2,425k) during the year. This total movement on funds is shown in the main statutory financial statements on the Statement of Financial Activities.

Excluding movements on tangible fixed assets, the LGPS defined benefit pension liability, and other non-recurring items, **the academy trust's "operational" surplus on revenue funds for the year was £241k** (2023: £346k surplus), as reconciled below.

		2024 (£000s)	2023 (£000s)
Overall net movement in funds for the year per SOFA		297	2,416
Decrease / (increase) attributable to fixed asset fund	See A	126	(1,914)
LGPS actuarial (gain)/loss	See B	(43)	(594)
LGPS service and interest costs	See B	(57)	64
Movement in revenue funds during the year		71	(28)
Add: Transfers from revenue to capital to fund fixed asset additions		(170)	(374)
Operational surplus /(deficit) on revenue funds before transfers to capital		241	346

Note A - The movement on restricted fixed asset funds comprises capital grant income received during the year less depreciation charged on capitalised assets purchased from such funds, notably the school buildings. Since these do not relate to day-to-day operational matters the movement on fixed asset funds is excluded from the operational result.

Note B - The Balance Sheet carries the trust's share of the deficit on the Local Government Pension Scheme. A detailed report has been prepared by an actuary detailing the movement in the deficit during the year. The movement is in two parts: (1) the actuarial gain relates to movement linked to the assumptions made by the actuary, (2) other movements comprising (i) net interest costs (ii) current service costs - the value of benefits accrued by members over the accounting period less contributions paid.

The Balance Sheet summarises the financial position of the academy trust at 31 August 2024 and a more detailed split is contained in the Statement of funds note within the financial statements. The table below highlights the key numbers you should be aware of and the prior year comparatives:

		2024 (£000s)	2023 (£000s)
Total funds		12,428	12,131
Split between:			
Revenue income funds	Restricted funds	618	585
	Unrestricted funds	642	604
(1) Total revenue income funds		1,260	1,189
(2) LGPS pension reserve		-	(100)
Restricted fixed asset funds	Net book value of fixed asset	11,584	11,143
	CIF Loans	(102)	(119)
	CIF income timing difference	(314)	-
	Unspent capital grant money	-	18
(3) Total fixed asset funds		11,168	11,042

Appendix II

Summary of misstatements



Audit adjustments agreed with management

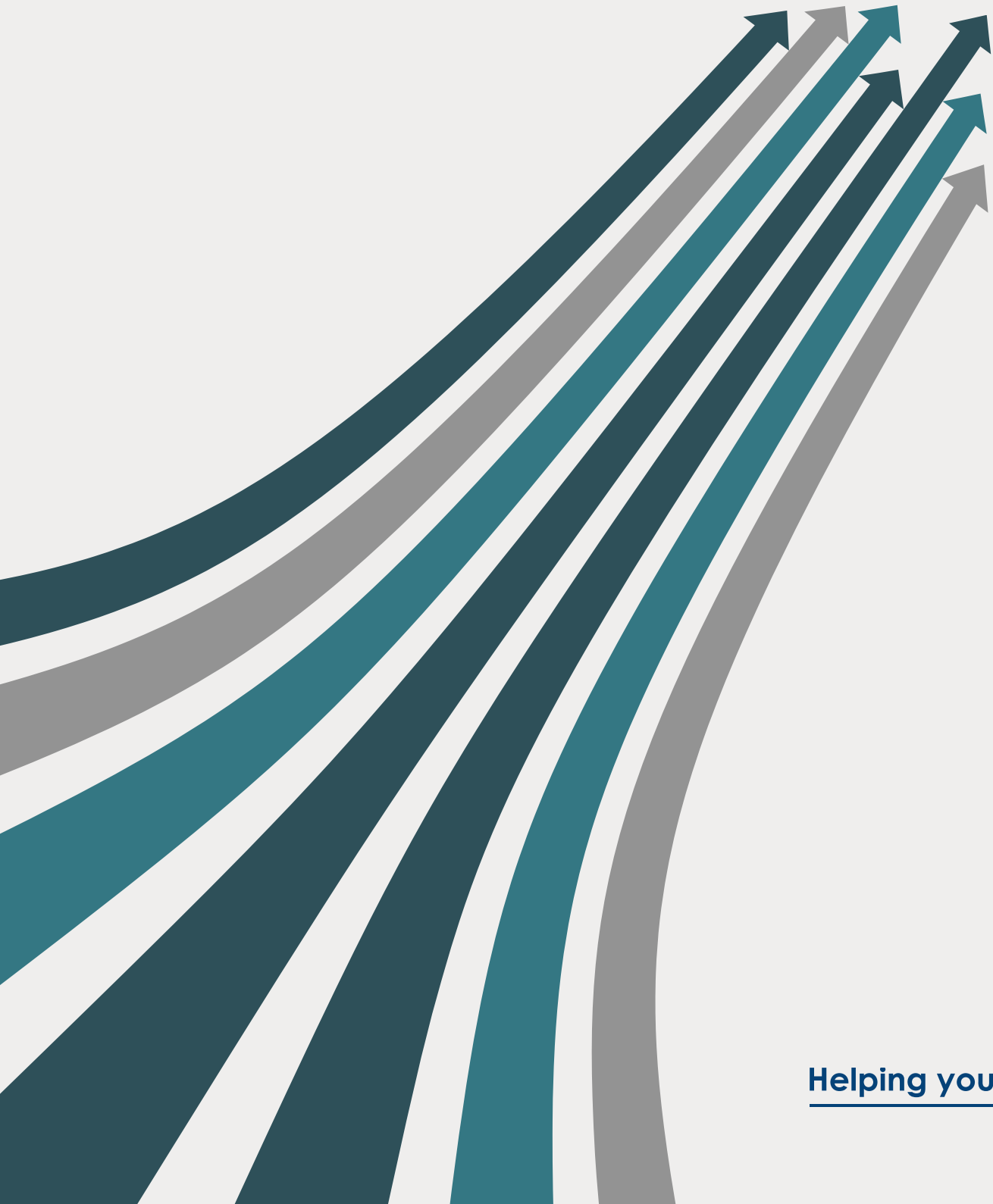
	£'000	£'000
Surplus per client trial balance		75
Recognise FRS102 Charge	57	
Recognise actuarial gain on pension	43	
Post Depreciation	(200)	
Capitalise Fixed Assets	325	
Other trivial adjustments	(3)	
Total impact of adjustments		222
Surplus per audited financial statements		297

Unadjusted items

	£'000	£'000
Surplus per audited financial statements		297
-	-	
Total impact of adjustments		-
Surplus if all audit adjustments processed		297

Appendix III

Emerging and topical issues for academies



Helping you prosper

Appendix III – Emerging and topical issues for academies

2024 Academy Trust Handbook (ATH)

The 2024 ATH is already active, and we produced a [summary](#) of the key changes earlier this year. Some of the main changes to note are briefly summarised below:

- **Delegated authorities** – finance leases. Trusts will now be able to enter into certain finance leases without the need to obtain prior approval. This only applies to leases on the DfE approval list.

Further guidance, including the list of assets granted prior consent, can be found [here](#).

- **Roles and responsibilities – digital and technology standards.** The ATH highlights the importance of these [standards](#), which were updated in May 2024 in respect of cyber security standards.
- **Reserves policy** - the new ATH emphasises the need for a clear plan for managing reserves, with a link to the [Good Practice Guide on Academy Trust Reserves](#).
- **Internal scrutiny** – trusts with annual income of over £50m must now only use an in-house internal auditor or a bought in internal audit service.
- **Cyber security standards** – trusts need to take appropriate action to meet the [DfE cyber security standards](#)

Climate and sustainability reporting

Climate reporting requirements for academy schools is continuously developing and involves documenting and communicating your efforts and progress under the three pillars of [ESG: - environmental, social, and governance](#).

In order to meet the 2030 targets, your trust should start to develop a climate action plan which outlines the steps taken to reduce your carbon footprint and improve sustainability practices.

Many trusts that have to report under Streamlined Energy and Carbon Reporting are familiar with the regulations, although this only affects larger trusts, with two or more of the following criteria:

- gross income of £36m or more;
- balance sheet assets of £18m or more; and
- 250 employees or more.

Note the balance sheet figure refers to gross assets, i.e. the total of fixed and current assets, without deducting liabilities.

More trusts need to comply with the requirements of the Energy Savings Opportunity Scheme (“ESOS”) since this applies to any trust which employees over 250 people or has an annual turnover in excess of £44 million and an annual balance sheet total in excess of £38 million.

Full guidance explaining the ESOS assessment is available [here](#).

Our [academy insight here](#) provides more detail in general about climate and sustainability reporting.

Funding pressures

Lots of our clients are predicting significant deficits for 2024/25, often following deficits in 2023/24. The longer term outlook is bleaker still, with many forecasts showing significant deficits for Y2 and Y3.

Will there be increased funding? We await any announcement from the new Labour government, but from the figures we are seeing it is clear that unless something changes many trusts face financial Armageddon in a couple of years’ time.

Academy trust boards

Recruiting trustees can be difficult for an academy trust. Finding the right diverse blend of skills for ensuring effective governance and achieving strategic success is harder still.

Our recent [academy insight here](#) explores in more detail why getting the correct mix is so important, and how you might be able to approach recruitment.

Are multi-academy trusts the answer?

With over 90% of academies in a multi-academy trust, and around 3 in 4 in a MAT with 6 or more schools, the MAT is here to stay.

There is though a view that MATs do not necessarily improve educational performance. Like most things, there are good and less successful MATs.

[A House of Lords document](#) published at the end of 2023 explored some of the reasons why teaching unions oppose schools joining MATs, and some of the challenges that those joining a MAT see.