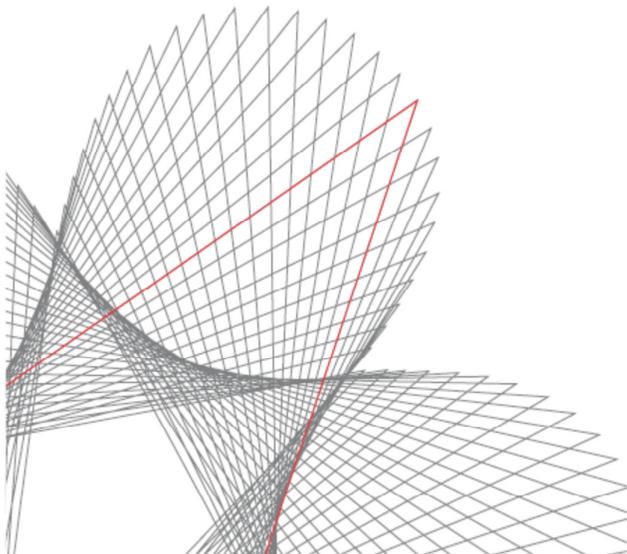




Eden Park Primary School Academy

Post Audit Report

Year Ended 31 August 2013



FRANCISCLARK

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4 December 2013

Ladies and Gentlemen

Post Audit Report

We present our Post Audit Report, which summarises our audit conclusions in relation to the Academy's financial position and results for the period ended 31 August 2013.

This report meets the requirements of ISA 260 – *Communication with those charged with governance* and ISA 265 – *Communicating deficiencies in internal control*.

The audit is designed to express an opinion on the 31 August 2013 financial statements and address current statutory and regulatory requirements.

This report is intended solely for the information and use of the Directors and management. It is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully



FRANCIS CLARK LLP



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The registered office is Sigma House, Oak View Close, Edginswell Park, Torquay TQ2 7FF where a list of members is available for inspection and at www.francisclark.co.uk.
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1. Scope and extent of our work

The Academy is required to produce an annual Director's report and audited financial statements compliant with United Kingdom Accounting Standards, applicable law, (the Companies Act 2006 and the Charities Act 1993), the Annual Accounts Direction as issued by the EFA, and the Charities' SORP.

The financial statements have been prepared using the model 'Coketown Academy' pro-forma provided by the EFA. The financial statements element has been prepared by Francis Clark staff, based on the academy's management accounts, supported by all of the details required to draft the notes to the accounts.

Our involvement this year was as planned, and to provide audit opinions on 'True and Fair' and 'Regularity'. Having largely completed our work, our audit opinions on both reports will be unqualified.

The Academy is required to submit the financial statements, and our auditor's management letter, to the EFA by 31 December 2013.

By 31 January 2014, we will assist if required in the preparation of the Accounts Return at 31 August 2013 and approve its submission to the EFA.

2. Significant accounting and auditing matters

Closing funds

General Annual Grant (GAG)

A balance of £62k remains unspent from the GAG received since academy inception. The EFA previously set limits on the amount of GAG that could be carried forward. These limits have now been removed so that academy trusts now have more freedom.

Closing funds		
£000	2013	2012
GAG	62	28
Nursery fees	26	32
School trips	2	1
Unrestricted	45	35
	135	96
Fixed assets	3,070	3,059
Pension reserve	(307)	(279)
Total funds	2,898	2,876

Unrestricted funds

Unrestricted income in the year to 31 August 2013 is set out opposite:

Expenditure of £10k (2012, £6k) has been charged against this income, leaving a balance of £45k to carry forward as at 31 August 2013 (2012, £35k). The funds are available for either capital or revenue use.

Unrestricted income		
£000	2013	2012
Carry forward from LA	0	18
Donations	4	2
Hire of facilities	1	1
Nursery income	5	9
Recharges and reimbursements	0	2
School Shop sales	1	0
Other miscellaneous income	1	4
Insurance claims	2	0
Feed in Tariff	2	2
Mentoring placement students	4	3
	20	41

Reserves policy

The academy has total funds (excluding the fixed asset and pension fund) of £135k, available for future use. The reserves policy in the Trustees' report describes the academy's plans for these funds, correctly in compliance with the Charities' SORP and EFA requirements.

Significant accounting estimates

Auditors' observation
Allocation of costs against funds In general, costs incurred are allocated to incomes according to the specified nature of the income. In some cases, estimated costs have been allocated. After all relevant costs have been apportioned to specific income streams, all remaining costs are allocated as GAG expenditure.
FRS 17 deficit The pension deficit seen is an estimate of the net liabilities of the fund attributable to the academy. This estimate is calculated by an expert, (actuary), applying a number of assumptions regarding financial performance, mortality, lump sum commutations etc.
Deferrals of income Income has been deferred in relation to school trip income. This deferral serves to recognise the income in the periods to which the trip takes place.
Accrued income The only significant income accrual is Pupil Premium funding of £19k. The accrued funds serve to recognise the income over the period to which it relates.

3. Audit adjustments and internal control findings

Audit adjustments

Following our audit, the following adjustments have been agreed by management:

Audit adjustments	
£000	2013
Surplus per draft accounts	143
Depreciation charge	(94)
Correction to sports stock	1
FRS 17 adjustments	(28)
Surplus per audited accounts	22

Internal control findings

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. We set out below details of actual and potential weaknesses identified during the course of 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 the Academy and the number of staff you employ within the finance team.

Current procedure / observation	Suggested improvement and benefit of control	Priority	Client response
The EFA have issued a revised Academies Financial Handbook effective from 1 September 2013. The Academy should review for any changes required and in particular consider Annex C – ‘the musts’.	Full compliance with EFA regulations, ensuring accountability, regularity and financial control over the Academy’s affairs.	High	This will be done
During the year a capital project was undertaken at a cost in excess of £25,000. In accordance with the Finance Policy, 3 written quotes should have been obtained but this was not done, and a trusted local supplier was instead used. We understand that there were exceptional circumstances why the procedures were not properly followed.	Where the tendering procedures laid out in the Finance Policy are not followed the reasons for this and its ratification should be minuted by the full governing body.	High	This was an exceptional case and advice was given by DAP. But if this should happen in the future for any reason, then it will be minuted by the FGB.

Current procedure / observation	Suggested improvement and benefit of control	Priority	Client response
<p>We understand that the lease from Torbay Council for the school premises has still not been finalised post conversion, and is therefore not registered at the Land Registry.</p>	<p>We recommend that the property lease is pursued with the Council and your solicitors without further delay.</p>	<p>Medium</p>	<p>Solicitors have been contacted and they are dealing with it. They say it is in Torbay's hands at the moment but will try and push for a timescale in the new year.</p>
<p>The Academy received an Internal Audit Report dated July 2013. Whilst the overall standard of systems and controls was assessed as 'good', a number of recommendations for improvement were noted and should be implemented.</p>	<p>To further improve the Academy's system of financial control and accountability.</p>	<p>Medium</p>	<p>The items in the report either have been implemented or are being addressed and will be implemented.</p>
<p>The monitoring of the salaries budget is not fully in accordance with the academy's Finance Policy. This requires the finance director to select a random sample of payments each month for detailed checking, and also a twice annual check of payments against budget.</p>	<p>To further strengthen controls over the academy's principal costs, the requirements of Section 5.1 of the Finance Policy should be carried out.</p>	<p>Medium</p>	<p>This to be done in future.</p>
<p>There is no evidence of employees' current pay rate within personnel files, as updated pay rate letters are not kept on file.</p>	<p>Latest pay rate letters should be kept on personnel files in order to maintain a permanent record of the employees' salary levels.</p>	<p>Medium</p>	<p>This to be looked at.</p>
<p>Bank reconciliations are prepared monthly. However there is no formal review of the bank reconciliation by the Head Teacher, which is a requirement of Section 12.3 of the Finance Policy.</p>	<p>As bank reconciliations are a fundamental accounting control, these should be independently reviewed and approved by the Head Teacher.</p>	<p>Medium</p>	<p>These are now being reviewed and signed off by the head teacher.</p>

Please let us know what steps will be taken to address these matters.

Appendix - Required communications

There are certain communications that we must provide to our clients. These are detailed here:

Required communication	Reference
Terms of engagement	
Confirmation of acceptance of terms of engagement.	Engagement letter
Planning and audit approach	
Communication of the nature and scope of the audit including any limitations. This should include:	Planning meeting
<ul style="list-style-type: none">principal ways in which risks of material misstatement are to be addressed, with particular reference to areas of higher riskaudit team structure and succession planning	
Audit findings	
Our view about the qualitative aspects of accounting practices and financial reporting.	Post Audit Report
Final draft of the representation letter that will be signed by management and the board of directors.	
Uncorrected misstatements.	
Expected modifications to the audit report.	
Material weakness in internal controls identified during the audit.	
Fraud	
Any fraud that we have identified or information we obtained that indicates that a fraud may exist.	None to report
Communication of material weaknesses in the design or implementation of internal control to prevent or detect fraud.	
A discussion of any other matters related to fraud.	
Consideration of laws and regulations	
Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off.	None to report
Enquiry by Francis Clark into possible instances of non-compliance with laws and regulations that the board of directors may be aware of.	
Independence	None to report
Communication of all significant facts and matters that bear on Francis Clark's objectivity and independence.	
Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:	
<ul style="list-style-type: none">the principal threatssafeguards adopted and their effectivenessan overall assessment of threats and safeguardsinformation about the general policies and process within the firm to maintain objectivity and independence.	
We are not aware of any other relationships between Francis Clark LLP and the Academy that, in our professional judgment, may reasonably be thought to bear on our independence or the objectivity of the audit engagement team.	
We confirm that in our professional judgment, the firm is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.	