



Latchmere Academy Trust

Audit findings report year ended 31 August 2020

18 November 2020 and updated as final 25 November 2020

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Executive Summary

This report summarises our key findings in connection with the audit of the financial statements of Latchmere Academy Trust and the regularity reporting * in respect of the year ended 31 August 2020.

The scope of our work was communicated to you via our Audit Plan document. We believe that the audit approach adopted will provide the Finance Committee with the required confidence that a thorough and robust audit has been carried out.

Our audit work is now complete and we will be issuing an unmodified audit opinion on the financial statements in line with the agreed timetable.

** Where 'audit' is used in the remainder of the document it should be read as including regularity reporting*

Risks and approach

We have carried out testing as planned on the risks identified during planning and draw your attention to the following key points for discussion:

- Going Concern

Final materiality

Our final overall materiality figure was £189,000.

Audit misstatements

We did not identify any unadjusted or adjusted misstatements as part of our work.

Representations requested

We will not be requesting any specific representations from the Governors. Our standard representations can be found via the following link (<http://www.rsmuk.com/standard-representations>).

Risks identified at the planning stage

Risk	Description	Response	Findings
Management override of controls	Systems of internal control are designed to mitigate inherent risks of error within the core control systems to an acceptable level. By nature, a management override or bypass of controls cannot be eliminated by the implementation of controls and therefore as part of our audit we will perform additional tests of detail to address the risk.	<p>We will test the appropriateness of a sample of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements, tracing selected entries back to source documentation.</p> <p>We will review significant accounting estimates and policies which could involve bias resulting in a material misstatement.</p> <p>We will discuss the basis and business rationale for any significant non-routine or contentious transactions which came to our attention during the course of our audit and will fully report the outcomes of our testing in our audit findings report.</p>	<p>We have performed our work as planned and no significant issues were noted as a result of our journals testing.</p> <p>We have reviewed accounting estimates including those in relation to the LGPS pension scheme deficit and did not note any indication of management bias which could result in a material misstatement.</p> <p>No significant or unusual transactions that are outside the academy's normal course of business have been identified.</p> <p>There are no other matters that we would like to bring to your attention in this area.</p>
Pension scheme liability	The liability that is required to be recognised under FRS 102 in respect of the Academy Trust's share of the Local Government Pension Scheme deficit is expected to be significant. It is derived from calculations undertaken by an actuary based on Academy Trust data and a number of key actuarial assumptions. There is a risk that the amount may be materially misstated where the data and/or assumptions used are not appropriate.	<p>We will review the key data and underlying assumptions used by the actuary to calculate the balance, to ensure that these appear reasonable.</p> <p>We will also review the related disclosure in the financial statements to ensure that this is appropriate.</p>	<p>We have reviewed the pension disclosure in the financial statements to ensure it is in line with the information provided in the actuary's report.</p> <p>The actuarial assumptions have also been reviewed against other actuarial assumptions from similar organisations to ensure they appear reasonable.</p> <p>We have nothing to report on these matters.</p>

Risk	Description	Response	Findings
Going concern	<p>The Trustees are responsible for assessing whether adopting the going concern basis of accounting for the financial statements remains appropriate for the foreseeable future. Consideration in this regard must be given to a period of at least one year from the expected date of approval of the financial statements.</p>	<p>We will review the financial plans, budgets, forecasts and sensitivity analysis prepared (including any impact on the school of the Covid-19 pandemic) on behalf of the Trustees to support the going concern assumption. We will consider whether the forecast position, including the key underlying assumptions appear reasonable and whether any material uncertainties exist. We will also consider whether the related disclosure in the financial statements is clear and appropriate.</p>	<p>We have reviewed budgets and forecasts for the period to 31 August 2022 and note that a surplus is forecast for both the 2020/21 and 21/22 years and consider these to be reasonable. We have also reviewed the ESFA allocation statement for 2020/21 and have agreed this to the forecast in place.</p> <p>Based on the forecasts and the reserves in place, management are happy with the accounts being prepared on a going concern basis and we concur with this assessment.</p>

Risks identified during the audit

Risk	Description	Response	Findings
Regularity – Ex-Gratia payment	We noted an ex-gratia payment (of £1,000) to an employee at Latchmere, this was due to her contribution in light of the Coronavirus pandemic.	We have: <ol style="list-style-type: none"> 1. Obtained evidence that this payment was approved by the Executive Head Teacher. 2. Requested evidence that consent was obtained from the ESFA for this payment in line with ESFA guidance. 	We note that this was correctly approved by the executive head teacher however, consent from the ESFA was not requested before payment was made. The ESFA have issued guidance noting that all ex-gratia payments require their approval so we recommend that the Trust seeks retrospective approval for the payment.

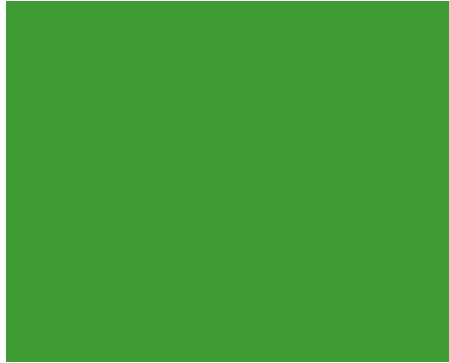
Recommendations on controls

No issues regarding internal controls came to our attention during the course of our audit work. This does not constitute a comprehensive statement of all internal control matters or of all improvements which may be made and has addressed only those matters which have come to our attention as a result of the audit procedures performed. An audit is not designed to identify all matters that may be relevant to you and accordingly the audit does not ordinarily identify all such matters.

Update on matters communicated at the planning stage

Matter communicated	Update
Fees	We confirm that the fees charged during the year in respect of services performed are consistent with those contained within our Audit Plan submitted to you
Independence	In accordance with International Standard on Auditing (UK) 260 “Communication with those charged with governance”, there are no changes to the details of relationships between RSM UK Audit LLP and its related entities and Latchmere Academy Trust and its related entities and directors that may reasonably be thought to bear on RSM UK Audit LLP’s independence and the objectivity of the audit principal, Sarah Mason and the audit staff and the related safeguards from those disclosed in the Audit Plan

This report has been prepared for the sole use of Latchmere Academy Trust and must not be disclosed to any third party, or quoted or referred to, without our written consent. No responsibility is assumed to any other person in respect of this report.



Communication of audit matters to those charged with governance

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing, materiality and expected general content of communications including significant risks and key audit matters	●	
Confirmation of independence and objectivity	●	●
Significant matters in relation to going concern (if any)		●
Views about the qualitative aspects of the accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issues arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit (if any)		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or regularity conclusion or emphasis of matter		●

ISA (UK) 260, as well as other ISAs (UK), prescribes matters which we are required to communicate with those charged with governance, and which we set out in the table here.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while the Audit Findings presents key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Financial reporting updates

Important updates

A full list of financial reporting updates can be found by clicking the link below:



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Our Report is prepared solely for the confidential use of Latchmere Academy Trust and solely for the purpose of explaining the scope of the audit, our proposed audit approach, and to highlight the key risks that we will be focusing our audit work upon, forming part of the ongoing communications we are required to make under International Standard on Auditing (UK and Ireland) 260 – Communication of audit matters with those charged with governance. Therefore, the report may not, without our express written permission, be relied upon by Latchmere Academy Trust for any other purpose whatsoever, be referred to in whole or in part in any other external document or made available (in whole or in part) or communicated to any other party. RSM UK Audit LLP neither owes nor accepts any duty to any other party who may receive our Report and specifically disclaims any liability for any loss, damage or expense of whatsoever nature, which is caused by their reliance on our Report.

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