

The Board of Governors
Darrington Church of England Primary School
Denby Crest
Darrington
Pontefract
West Yorkshire
WF8 3SB

16 November 2023

Dear Sirs and Madams,

In accordance with our normal practice, we are writing to draw your attention to various matters, which arose during our audit of the academy's accounts for the year ended 31 August 2023.

Audit approach and areas covered

The purpose of the audit was to enable us to express an opinion on the financial statements. The audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but for the purpose of expressing an opinion on the effectiveness of internal controls.

The matters reported below are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance.

Qualitative aspects of the academy's practices and financial reporting

We have no comments to make concerning the qualitative aspects of the academy's accounting practices and financial reporting.

Significant difficulties

We did not encounter any significant difficulties during the audit and there are no significant findings from the audit to draw to your attention.

Adjusted and unadjusted misstatements

All misstatements determined during our audit have been adjusted for, except for a selection which are deemed insignificant individually and in aggregate.

For your information, we also attach a schedule of adjustments that you agreed should be processed when finalising the accounts.

Expected modifications to the auditors' report

There are no expected modifications to the auditors' report.

Material weaknesses in the accounting and internal control systems

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. Appendix I to this letter contains details of actual and potential weaknesses identified during 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 your academy and the number of staff you employ. We shall be grateful if you will let us know what steps have been taken in connection with the above.

We have also included a summary of the status of our recommendations from the previous year's audit at Appendix II.

Other matters required by Auditing Standards to be communicated

There are no other matters that we are required by auditing standards to communicate to you.

Other relevant matters relating to the audit

We have discussed with you the fact that we provide additional services to the academy in addition to acting as auditors. We wish to confirm to you that in our opinion the provision of such services does not affect our independence as:

- (i) The additional services provided are of a routine compliance nature and the Board of Governors takes any decisions where judgement is required.

Report on regularity

There were no matters arising from our report on regularity.

We would like to take this opportunity of expressing our thanks to your staff for their assistance during the course of our audit.

Please note that this report has been prepared for the sole use of Darrington Church of England Primary School. It must not be disclosed to third parties, quoted, or referred to, without our prior written consent. No responsibility is assumed by us to any other person.

If we can be of any further assistance, please contact Richard Walker.

Yours faithfully

Paylings

Paylings

APPENDIX I

Matters arising from the audit of the financial statements for 2023.

	Issue	Implication/ consequence	Recommendation	Management response
1	Incorrect postings of accruals and prepayments in the year.	Increased risk of misstatements relating to expenditure reported within the accounting records.	Implement a balance sheet reconciliation exercise to ensure prepayments and accruals agree between calculations and accounting records at reporting dates.	Identified in previous year; Management is aware.
2	HCSS year-ending process not reporting appropriately or as intended by management.	Increased risk of misstatement due to trial balance / management accounts reporting inaccurately. Hinders management's ability to make informed decisions.	We recommend appropriate training and support is sourced from software provider (HCSS) to ensure the opening balance issue is resolved.	Identified in previous year; Management is aware.
3	HCSS system is showing old balances that are no longer appropriate.	Increased risk of misstatement due to bank and trade creditors amount per trial balance did not agree to relevant reports.	As above.	Identified in previous year; Management is aware.
4	Majority of employment contracts not signed.	There is an increased risk associated with any potential employee disputes.	To ensure all contracts are signed before employment commences.	TBC
5	We have identified that VAT has been underclaimed for a number of years.	This has a negative impact on resources available and due to the academy.	To ensure VAT reconciliations are performed regularly to confirm that all VAT amounts are being claimed.	TBC

APPENDIX II

Status update on audit recommendations made in prior year. (Year ended 31 August 2022)

	Issue	Implication/ consequence	Recommendation	Management response
1	Incorrect postings of accruals and prepayments in the year.	Misstatements relating to expenditure reported within the accounting records.	Implement a balance sheet reconciliation exercise to ensure prepayments and accruals agree between calculations and accounting records at reporting dates.	Recurring issue in 2023.
2	HCSS year-ending process not reporting appropriately or as intended by management.	Trial balance / management accounts reporting inaccurately.	We recommend appropriate training and support is sourced from software provider (HCSS) to ensure opening balance issue is resolved.	Recurring issue in 2023.
3	HCSS system is showing old balances that are no longer appropriate.	Bank and trade creditors amount per trial balance did not agree to relevant reports.	As above.	Recurring issue in 2023.

APPENDIX III

Matters arising from the report on regularity – 2023 & 2022 status update.

	Issue	Implication/ consequence	Recommendation
1	No matters to note.		

APPENDIX IV

Adjusted Misstatements

Narrative		Actual Error		Profit and loss	Balance sheet
		DR	CR		
NET MOVEMENT IN FUNDS				(46,221)	
1	9025 Furniture and equipment accumulated depreciation	2,502			2,502
	9020 Furniture and equipment cost		2,502		(2,502)
	<i>Being write off of old laptops and server on FAR, now replaced.</i>				
2	3005 Repairs & maintenance		133	133	
	3260 Insurance	2,318		(2,318)	
	4010 General school resources	3,068		(3,068)	
	4156 IT Software / Licenses - Educational		3,437	3,437	
	5140 Professional services	1,602		(1,602)	
	5305 IT Licensing / Software - Non-Educational		10,721	10,721	
	5325 IT Broadband / Line Rentals		3,240	3,240	
	4150 Sports / PE Expenditure		5,000	5,000	
	5312 ICT Support Services / Contracts		2,344	2,344	
	6000 Course fees		1,300	1,300	
	6045 Library services		2,832	2,832	
	9320 Prepayments	22,019			22,019
	<i>Being the correction of Prepayments to give a true reflection of the balance as at 31/08/2023.</i>				
3	9300 Sales Ledger Control	7,276			7,276
	Bad debts		7,276	7,276	
	<i>Being the reversal of the client bad debt write off as monies received.</i>				
4	9999 Suspense	202			202
	9310 Additional debtors code for accountants	9,975			9,975
	9300 Sales Ledger Control		10,177		(10,177)
	<i>Being a write-off of old migration ledger balances that arose when the software changed from PSF to HCSS.</i>				
5	9500 Purchase Ledger Control		14,077		(14,077)
	9400 Bank	14,077			14,077
	<i>Being unrepresented BACS payments moved to Creditors.</i>				
6	9525 Net Wages Control	5,645			5,645
	9999 Suspense		5,645		(5,645)
	<i>Being the clear down of the Net Wages Control balance.</i>				
7	9530 Teachers Pension Control	6,492			6,492
	9535 LGPS Control	3,931			3,931
	9550 PAYE/Ni Control	7,311			7,311
	9999 Suspense		17,734		(17,734)
	<i>Being the reversal of prior year balances.</i>				
8	9530 Teachers Pension Control		6,149		(6,149)
	9535 LGPS Control		4,284		(4,284)
	9550 PAYE/Ni Control		7,946		(7,946)
	9999 Suspense	18,379			18,379
	<i>Being the current year PAYE/Ni Creditor.</i>				
9	9605 Deferred Income	16,492			16,492
	1005 UIFSM		10,952	10,952	
	1050 Pupil Premium Funding		5,540	5,540	
	<i>Being the reversal of the prior year's Deferred Income.</i>				
	Sub total	121,289	121,289	45,787	45,787

Narrative		Actual Error		Profit and loss	Balance sheet
		DR	CR		
	Brought forward	121,289	121,289	45,787	45,787
10	9500 Purchase Ledger Control	11,248			11,248
	9999 Suspense		11,248		(11,248)
	<i>Being a write-off of old migration ledger balances that arose when the software changed from PSF to HCSS.</i>				
11	9605 Deferred Income		16,597		(16,597)
	1005 UIFSM	9,815		(9,815)	
	1050 Pupil Premium Funding	6,782		(6,782)	
	<i>Being current year deferred income.</i>				
12	9600 Accruals		8,720		(8,720)
	5150 Audit/Accountancy Services Fees	8,720		(8,720)	
	<i>Being the current year audit fee accrual.</i>				
13	Trade creditors - British Gas	1,150			1,150
	Gas expense		1,095	1,095	
	Vat control		55		(55)
	<i>Being duplicate invoice reversed</i>				
14	9600 Accruals	20,000			20,000
	5150 Audit/Accountancy Services Fees		20,000	20,000	
	<i>Being the reversal of client audit fee accrual posting.</i>				
16	9600 Accruals	12,678			12,678
	5150 Audit/Accountancy Services Fees		8,700	8,700	
	5140 Professional Services		88	88	
	2200 Education Support Staff - Salaries		3,266	3,266	
	2210 Education Support Staff - Supn		624	624	
	<i>Being the reversal of accruals opening balances.</i>				
15	9999 Suspense	18,278			18,278
	9400 Bank		18,278		(18,278)
	<i>Being removal old balances and bringing bank balance back to actual per bank statement.</i>				
16	9320 Prepayments	2,493			2,493
	6005 Staff Absence Insurance		2,493	2,493	
	<i>Being the additional prepayment found during year on year comparison exercise with client.</i>				
17	Sundry costs	8,238		(8,238)	
	VAT control		8,238		(8,238)
	<i>Being Vat under claimed in 2019 written off as out of the 4 year claiming window.</i>				
18	9600 Accruals		578		(578)
	5150 Audit/Accountancy Services Fees	578		(578)	
	<i>Being the current year Paylings teachers pension fee accrual.</i>				
	Sub total	221,269	221,269	47,920	47,920

Narrative		Actual Error		Profit and loss	Balance sheet
		DR	CR		
	Brought forward	221,269	221,269	47,920	47,920
19	1100 Donations and/ or voluntary funds		2,340	2,340	
	Accrued Income	2,340			2,340
	<i>Being the Staff Absence Insurance claim received post year end.</i>				
20	Accumulated Depreciation		38,593		(38,593)
	Depreciation	38,593		(38,593)	
	<i>Being posting of the current year depreciation.</i>				
21	9750 LGPS Pension Deficit	128,000			128,000
	Pension gain		128,000	128,000	
	<i>Being year end pension movement agreed to actuarial report.</i>				
22	9840 Restricted fixed assets fund	38,162			38,162
	9820 Unrestricted funds	73,571			73,571
	9900 Surplus/(Deficit)		111,733		(111,733)
	<i>Being movement in funds.</i>				
23	9830 LGPS Pension Reserve		574,000		(574,000)
	9820 Unrestricted General Funds	574,000			574,000
	<i>Bringing in prior year movement.</i>				
24	9820 Unrestricted General Funds		1		(1)
	9900 Surplus / (Deficit) For The Year		2,231		(2,231)
	P&L Write off	2,232		(2,232)	
	<i>Being write off of difference in 9900.</i>				
25	2000 Teachers salaries	67,730		(67,730)	
	2005 Teachers NI		46,673	46,673	
	2010 Teachers Pension		21,057	21,057	
	<i>Being re-analysis of wages & salaries postings.</i>				
	Adjusted net movement in funds			91,213	

APPENDIX V

Uncorrected errors

	Narrative	Extrapolated misstatements		Actual Error		Profit and loss	Balance sheet
		DR	CR	DR	CR		
1	4156 IT Software/Licences - Educational	3,333		500		(3,833)	
	9320 Prepayments		3,333		500		(3,833)
	Being the overstatement of prepayments.						
2	5000 Catering Food/Drink	3,127		3,024		(6,151)	
	9600 Accruals		3,127		3,024		(6,151)
	Being the July expense recognised in September 2023.						
3	1100 Donations and/ or voluntary funds		6,917			6,917	
	Accrued Income	6,917					6,917
	Being the extrapolated portion of the untested population of September 2023 income testing associated with journal 23 staff absence insurance.						
Total unadjusted misstatements		13,377	13,377	3,524	3,524	(3,067)	(3,067)