

Christ Church Church of England Primary Academy, Folkestone

Final Audit Findings
For the year ended 31 August 2023

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1. Introduction

During the course of our audit engagement for the year ended 31 August 2023 a number of matters arose which we consider should be brought to your attention.

Accompanying this letter is a memorandum noting these points together with any recommendations we have for possible improvements which could be made.

These matters came to light during the course of our normal audit and assurance tests which are designed to assist us in forming our opinion on the financial statements and providing a limited assurance conclusion on regularity. Our tests may not necessarily disclose all errors or irregularities and should not be relied upon to do so. However, if any irregularity did come to our attention during our audit and assurance tests, we would, of course, inform you immediately.

We have complied with the Financial Reporting Council's Ethical Standard and all threats to our independence, as identified to you in our Audit Planning Memorandum, have been properly addressed through appropriate safeguards. No additional facts or matters have arisen during the course of the audit that we wish to draw to your attention and we confirm that we are independent and able to express an objective opinion on the financial statements.

This report has been prepared for the sole use of the trustees of Christ Church CEP Academy. We understand that you are required to provide a copy of this report to the Education & Skills Funding Agency who may share this information internally within the Department for Education for decision making purposes. With the exception of this, no reports may be provided to third parties without our prior consent. Consent is, and will only be, granted on the basis that such reports are not prepared with the interests of anyone other than the academy in mind and that we accept no duty or responsibility to any other party. No responsibilities are accepted by Xeinadin Audit Limited towards any party acting or refraining from action as a result of this report.

We would be grateful if you could enter the company's comments against each point under the "management response" column of the memorandum and return it to us in due course.

Finally, we would like to express our thanks to all members of the academy's staff who assisted us in carrying out our work.

Yours faithfully

Xeinadin Audit Limited
Statutory Auditor
Chartered Accountants
November 2023

2. Audit approach

Our general audit approach was determined by our assessment of the audit risk, both in terms of the potential misstatement in the financial statements and of the control environment in which the company operates.

To summarise our approach, we:

- updated our understanding of the entity and its environment;
- reviewed the design and implementation of key internal financial control systems; and
- planned and performed an audit with professional scepticism recognising that circumstances may exist that cause the financial statements to be materially misstated.

Significant risks arise on most audits and are often derived from business risks that may result in a material misstatement, relate to unusual transactions that occur infrequently, or judgemental matters where measurement is uncertain. In areas where we identified the potential for significant risk, we extended our audit testing to include more detailed substantive work. Our work in other areas was proportionally less.

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements. In general, misstatements, including omissions, are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in the light of surrounding circumstances, and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both.

There were no changes to our audit approach as previously communicated to you in our Audit Planning Memorandum.

3. Summary of significant audit findings

Significant risk area identified at planning	Findings, significance and recommendations	Management response / timetable for action
Related Parties	No significant issues identified	
Revenue Recognition	No significant issues identified	
Accounting estimates	No significant issues identified	
Staff Costs GREEN	<p>During our testing, it was identified that one member of staff has been paying double the expected pension contributions for 11 months of the year, for both employees and employers pension costs.</p> <p>We recommend that this is reviewed and corrected and that a system is put in place to review and authorise draft payroll reports before the pay run occurs in order to identify and eliminate errors before they occur.</p>	This has been corrected and discussed with payroll
Rates Relief GREEN	<p>During audit testing it was identified that the rates income was not correctly grossed up within GAG per AAD guidance.</p> <p>We recommend that income treatment is reviewed against the AAD to ensure appropriate disclosure in the accounts.</p>	To be discussed as part of visit with SK 09/01

<p>Cut-off AMBER</p>	<p>During our audit testing, it was identified that no entries have been made in relation to year end cut-off of expenditure.</p> <p>It is important that the prior year figures are released, and current year figures introduced to ensure accuracy of reporting. Where figures had not been released from the prior year, this means that the monthly management accounts are incorrect every month and that the governors are not able to accurately ensure financial governance.</p> <p>We recommend that accruals, prepayments, accrued income and deferred income are posted on a monthly basis to ensure that all monthly management information is accurate.</p> <p>Furthermore, it was also identified that grant income had been incorrectly deferred or not accrued for.</p> <p>This creates a risk of income being incomplete and being disclosed in the incorrect period.</p> <p>We recommend that regular reviews are undertaken and the correct accounting treatment is applied to avoid material misstatements.</p>	<p>To be discussed as part of visit with SK 09/01</p>
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Other areas where issues were identified during the audit	Findings, significance and recommendations	Management response / timetable for action
<p>Companies House and Get Information about Schools (GIAS) AMBER</p>	<p>During our audit testing, it was identified that Companies House had not been updated for the appointments and resignations, some with delays of 1 year.</p> <p>Filing of appointments or terminations should be made within 14 days of the appointment/termination date.</p> <p>We recommend that all appointments and terminations are filed on Companies House within the 2 week window.</p> <p>It was also identified that GIAS dates are not in line with Companies House resignation dates.</p> <p>We recommend that Companies House and GIAS re consistent for all appointments and resignations.</p>	<p>This was an internal admin error and will be rectified in future</p> <p>This will be amended</p>

<p>Register of business Interests GREEN</p>	<p>During our audit testing, it was identified that the register of business interests is incomplete and does not include all trustees.</p> <p>The ATH states that the Trust must publish on its website up-to-date details of its governance arrangements including the relevant business interests of trust members serving at any point in the last 12 months. This is therefore a breach of the ATH.</p> <p>We recommend that the register of business interests is updated and kept up to date in line with guidance per the ATH.</p>	<p>This will be addressed going forward and has been raised at the last FGB meeting, and with the clerk to governors</p>
<p>Xero Access AMBER</p>	<p>During our audit, it was identified that the Xero users included an employee who was no longer employed at the school.</p> <p>This creates the risk of a GDPR breach and unauthorised transactions being posted resulting in potential material misstatements to the financial statements.</p> <p>We recommend that the Xero user listing is updated immediately when there are employment changes relating to current users.</p>	<p>There are now only 3 school staff on Xero, the Head, Business Manager and Finance Assistant</p>

<p>Xero GREEN</p>	<p>During our audit testing, it was found that supporting documentation was not always attached to transactions in Xero.</p> <p>We recommend that all invoices and supporting documentation are uploaded to Xero.</p> <p>Furthermore, it was also identified that funds were not allocated on Xero for one transaction.</p> <p>We recommend that all transactions are reviewed and allocated to the correct funds in Xero to ensure accurate carry forward of funds in the accounts.</p>	<p>This has been addressed with the Finance Assistant and will be rectified going forward</p>
<p>Stock GREEN</p>	<p>During our audit testing, it was identified that the stock value remains the same as the prior year.</p> <p>This has led to inaccurate management reporting throughout the year.</p> <p>We recommend that the stock value is updated in the accounts at least annually, but preferably more frequently than that.</p>	<p>To be discussed as part of visit with SK 09/01</p>

<p>Fixed Assets – Depreciation AMBER</p>	<p>During our audit testing, it was identified that no depreciation has been charged on tangible fixed assets.</p> <p>This has led to inaccurate management reporting throughout the year as well as a large adjustment during the audit.</p> <p>We recommend that depreciation is posted on a monthly basis to ensure that the information being passed to the board of trustees to review is accurate.</p>	<p>To be discussed as part of visit with SK 09/01</p>
<p>Fixed Assets – Disposals GREEN</p>	<p>During our audit testing, it was identified that there were assets on the fixed asset register that had not been disposed of.</p> <p>We recommend that the register is updated immediately when assets are disposed of and reviewed at each year end to ensure accurate reporting in the accounts.</p>	<p>To be discussed as part of visit with SK 09/01</p>

<p>Fixed Assets – Capitalisation GREEN</p>	<p>During our audit testing, it was identified that a number of assets were purchased in year but not capitalised to the fixed asset register.</p> <p>This results in assets being understated and expenditure being overstated.</p> <p>We recommend that assets are reviewed against the capitalisation threshold and added to the register on a timely basis.</p>	<p>This has been completed and will be addressed going forward</p>
<p>Payroll GREEN</p>	<p>During our audit testing, it was identified that all payroll liabilities are being posted to the net wage control.</p> <p>This can mask errors and make it difficult to reconcile on a monthly basis.</p> <p>We recommend that the individual liabilities are posted to their respective balance sheet codes and each code is reconciled monthly to ensure that it is in line with expectation and any differences corrected as they arise.</p>	<p>This has been resolved and will be addressed going forward</p>

<p>Credit Card GREEN</p>	<p>During audit testing, it was identified that a credit card under the name of the previous school business manager was still in use.</p> <p>We recommend that banking details are updated or use of credit cards for previous employees ceased till the relevant details have been updated.</p>	<p>The card has been cancelled and a new one issued in the new business manager's name</p>
<p>Loan Interest GREEN</p>	<p>It was identified during audit testing that the interest on the loan was not accounted for.</p> <p>We recommend that the interest on the loan is calculated annually and the loan outstanding balance monitored to ensure accurate representation within the accounts.</p>	<p>To be discussed as part of visit with SK 09/01</p>
<p>Posting of VAT GREEN</p>	<p>During audit testing, it was identified that there were some transactions for which the VAT element was not split out in the nominal ledger.</p> <p>This creates a risk that the VAT claims are incorrect and money due back to the Academy is not claimed.</p> <p>We recommend that all transactions posted in Xero are reviewed to ensure correct reporting.</p>	<p>This has been addressed with the finance assistant and will be rectified going forward</p>

<p>VAT Overclaim RED</p>	<p>During audit testing, it was identified that an amount owed to HMRC due to a VAT claim being submitted twice has still not been repaid.</p> <p>We recommend that HMRC is contact as soon as possible and the overpayment returned.</p>	<p>This will be resolved, the business manager is liaising with HMRC to rectify</p>
<p>Allocation of income and expenses GREEN</p>	<p>During audit testing, it was identified that transactions were allocated to incorrect nominal codes.</p> <p>We recommend that classification of transactions is reviewed and recorded correctly within the accounts.</p> <p>Furthermore, it was identified that material revenue grants were not separately posted in the chart of accounts.</p> <p>The AAD states that revenue grants that are material should be disclosed separately in the accounts.</p> <p>We recommend that revenue grants are reviewed and disclosed in accordance with AAD guidance.</p>	<p>To be discussed as part of visit with SK 09/01</p>

<p>Credit Notes</p> <p>GREEN</p>	<p>During audit testing it was identified that a credit note of £1,110 was raised in the current period for a post year end invoice thus creating a negative debtor.</p> <p>We recommend that credit notes are raised in the correct period against the relevant invoice.</p>	<p>This has been addressed and will be rectified going forward</p>
<p>Unrecorded creditor</p> <p>GREEN</p>	<p>During the audit testing, it was identified that final invoice for the solar panel installation was not recorded in the accounts due to a dispute over the completion of the works.</p> <p>This led to an understatement of costs assigned to fixed assets as well as an understatement of trade creditors.</p> <p>We recommend that all invoices received pre year end are appropriately accounted for within the financial statements, even if they are not to be paid until the final disputes are cleared.</p>	<p>This has been addressed and will be rectified going forward</p>

<p>Trustee Expenses GREEN</p>	<p>During audit testing it was identified that trustee expenses were not disclosed upon initial audit request.</p> <p>This suggests that trustees expenses are not being monitored.</p> <p>We recommend that all trustee expenses reimbursed are monitored and disclosed accordingly at the start of the audit.</p>	<p>This has been addressed and will be rectified going forward</p>
<p>Late TB Adjustments GREEN</p>	<p>It was identified during the audit that adjustments were put through the TB after the audit had begun.</p> <p>We recommend that all adjustments are posted prior to the year end audit.</p>	<p>This has been addressed and will be rectified going forward</p>

The purpose of the audit was for 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 not for the purpose of expressing an opinion on the effectiveness of internal control. Our audit is, therefore, not designed to identify all control weaknesses and the matters reported below are limited to those deficiencies that we have identified during the audit.

Control weakness identified and significance	Potential implications and recommendations	Management response / timetable for action
<p>Journal Controls GREEN</p>	<p>During our audit, it was identified that journals were posted by persons other than Laura Hayward within the Academy.</p> <p>This suggests a lack of internal controls regarding journal entries and exposes the accounts to a risk of material misstatement.</p> <p>We recommend that journals are only posted by the appropriate individuals in line with the internal controls set.</p>	<p>This has been addressed and will be rectified going forward</p>
<p>Purchase orders GREEN</p>	<p>During our audit, it was identified that purchase orders were being raised retrospectively in some instances.</p> <p>This creates a risk of unauthorised transactions going through.</p> <p>We recommend that for all transactions for which purchase orders are raised, this be done prior to the expense being made.</p>	<p>This has been addressed and will be rectified going forward</p>

Status of findings / recommendations from previous years

Audit issues communicated in last year's audit findings report and our proposed approach to each of these areas, in light of developments in the year are outlined below:

Findings / recommendations	Status in current in year	Management response / timetable for action
<p>Related Parties RED</p> <p>During our audit testing, it was identified that the related party transaction with Richter Gardening Services was not declared to the ESFA in advance of the transaction being undertaken.</p> <p>This is a breach of the ATH.</p> <p>We recommend that all related party transactions are declared to the ESFA prior to that transaction being undertaken.</p> <p>Furthermore, it was identified that no business declarations were provided from D Lawson or R Jenkins.</p> <p>It was also noted that no business declarations could be found on the website.</p> <p>We recommend that business declarations are obtained for all Trustees and are published on the academy website per the ATH guidance.</p>	<p>No longer an issue in the current year.</p> <p>Business declarations were incomplete in the current year – see above</p>	<p>This has been addressed and will be rectified going forward</p>

<p>Stock GREEN</p> <p>During our audit testing, it was identified that no movement was posted in the stock figure from the prior year.</p> <p>This will lead to inaccurate monthly management accounts as the stock figure is always moving.</p> <p>We recommend that a stock count is undertaken monthly or at least quarterly and the figure in the accounts is updated to reflect the up-to-date stock figure rather than being left at a historic value.</p>	<p>Remains an issue in the current year – See above</p>	<p>To be discussed as part of visit with SK 09/01</p>
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<p>Cut Off GREEN</p> <p>During our audit testing, it was identified that no entries have been made in relation to year end cut-off.</p> <p>It is important that the prior year figures are released, and current year figures introduced to ensure accuracy of reporting. Where figures had not been released from the prior year, this means that the monthly management accounts are incorrect every month and that the governors are not able to accurately ensure financial governance.</p> <p>We recommend that accruals, prepayments, accrued income and deferred income are posted on a monthly basis to ensure that all monthly management information is accurate.</p>	<p>Remains an issue in the current year – See above</p>	<p>To be discussed as part of visit with SK 09/01</p>
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<p>Support Staff salary statements</p> <p>AMBER</p> <p>During the audit, it was identified that support staff salary statements held on file were outdated as statements for 2021 were not prepared.</p> <p>We recommend that support staff salary letters are prepared and issues to staff annually.</p> <p>Once received by staff, we recommend that they are signed and held on file for future reference.</p>	<p>No longer an issue in the current year</p>	
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<p>Capitalisation of Fixed Assets GREEN</p> <p>During the audit, a number of assets were found to have been purchased that were over the Academy's capitalisation limit but were not capitalised.</p> <p>We recommend that as part of the year-end adjustments, a review of all asset purchases in the year is conducted and any purchases that are relevant and over the £1,000 capitalisation limit are adjusted for.</p> <p>Furthermore, it was found that 2 assets had been included as an addition on Xero's fixed asset register but had not been capitalised from their original expenditure code.</p> <p>We recommend that when additions are added on Xero, the relevant capitalisation adjustment is entered.</p>	<p>Remains an issue in the current year – See above</p>	<p>To be discussed as part of visit with SK 09/01</p>
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<p>Rates Relief GREEN</p> <p>During the audit, it was identified that the Academy had not grossed up the income and expenditure portion of the rates bill paid by the EFSA.</p> <p>We recommend that going forward, adjustments are posted to show the income and expenditure incurred by the ESFA on the Academy's behalf.</p>	<p>Remains an issue in the current year - See above</p>	<p>To be discussed as part of visit with SK 09/01</p>
<p>Posting of VAT GREEN</p> <p>During the audit, it was identified that there was an expenditure transaction which was VAT exempt, but the transaction per Xero has been charged VAT at 20%.</p> <p>We recommend that all transactions posted on to Xero are posted in accordance with the VAT rate listed on the invoice/receipt.</p>	<p>No longer an issue in the current year</p>	

<p>Opening Balances AMBER</p> <p>During the audit, it was identified that there was a difference in the opening reserves figure.</p> <p>This was due to the prior year pension adjustment journal not being posted and the Pupil Premium reversal being reversed in the incorrect period.</p> <p>We recommend that all necessary audit adjustments are posted correctly, in full, in the correct financial period.</p>	<p>No longer an issue in the current year</p>	
<p>Outdated items on the Bank Reconciliations GREEN</p> <p>During the audit, it was identified that there were a number of outdated items listed as reconciling items on the Bank Reconciliation.</p> <p>We recommend that these are cleared from the reconciling items once they have cleared the bank.</p>	<p>No longer an issue in the current year</p>	

<p>Purchase orders</p> <p>GREEN</p> <p>During the audit, it was found that purchase orders are not always used for credit card transactions.</p> <p>We recommend that all purchases have a pre-authorized purchase order, either as a paper copy or through Xero's purchase order system.</p>	<p>Remains an issue in the current year - See above</p>	<p>This has been addressed, see above</p>
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4. Summary of audit differences and draft letter of representation

Please see Appendix 2 for schedule of all of the unadjusted misstatements noted during our work. We would be grateful if you could review these and confirm that you are satisfied that none of these need to be adjusted for in the financial statements

We have separately sent a draft letter of management representations required in connection with our audit.

5. Anticipated audit report

We anticipate that we will issue an unmodified audit report for the year, subject to the satisfactory clearance of any outstanding/unresolved matters outlined in this report.

6. Regularity assurance engagement findings

We conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2022 to 2023 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter. The ESFA has no right by virtue of the regularity engagement to place reliance on our work and the opinion we form in respect of our statutory financial statements audit of the academy trust.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement included examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw our conclusions included:

- An assessment of the risk of material misstatement and irregularity
- Testing and review of areas identified through risk assessment including enquiry, inspection and review, observation and re-performance
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime
- Consideration of evidence obtained through the work performed as part of our audit in order to support the regularity conclusion

We anticipate that we will issue an unmodified regularity assurance report for the year, subject to the satisfactory clearance of any outstanding/unresolved the matters outlined in this report.

Regularity issues brought to your attention in connection with the regularity assurance engagement are as follows:

Findings and significance	Potential implications/financial impact and recommendations	Management response / timetable for action
Included above.		

Appendix I Audit adjustments

Attached separately.

Appendix II Unadjusted audit errors

Attached separately.