

Private & Confidential

The Trustees
Our Lady of Light Catholic Academy Trust
Baysdale Road
Thornaby
Stockton on Tees
TS17 9DE

Our ref:

Your ref:

Date: 9 December 2016

Dear Trustees

Report to management

During the course of our audit and regularity assurance engagement for the period ended 31 August 2016 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.

This report has been prepared for the sole use of the trustees of Our Lady of Light Catholic Academy Trust. We understand that you are required to provide a copy of this report to the Education Funding Agency. 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 Baldwins Audit Services Limited towards any party acting or refraining from action as a result of this report.

We would be grateful if you could enter the academy'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



Baldwins Audit Services Limited

Significant matters relevant to our audit and regularity assurance engagements for the period ended 31 August 2016

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 business 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 document.

Summary of significant audit findings

Significant risk area identified at planning	Findings, significance and recommendations	Management response / timetable for action
Recognition of income in the appropriate accounting period	We are satisfied that income is appropriately recognised in the financial statements	noted
Transition to new financial reporting standards	We are satisfied that the financial statements appropriately reflect SORP2015 and FRS102 and no material adjustments have been identified	noted
Allocation of expenditure against the appropriate fund or income stream	Your finance team provided appropriate information and all funds have been accounted for in accordance with accounting guidelines with no material errors noted	noted
Going concern and sector wide uncertainty over funding	The academy has provided appropriate explanations to suggest that the going concern basis is appropriate in the financial statements	noted
Regularity of expenditure	The self assessment and audit work did not suggest evidence of any irregular expenditure being incurred in the period	noted
Management override	Our audit work did not suggest any evidence of attempts by the management to override financial controls	noted
Recognition of land and buildings	The trust has considered the Accounts Direction and accounting standards and concluded that the land and buildings should not be recognised on the balance sheet. We are satisfied with the basis and have no further comments to make	noted
Value of assets and liabilities on conversion	Our audit work did not identify and potentially material misstatements. Trustees'	noted

	judgement where applicable appears to be reasonable	
Connected part transactions	We did not note any issues regarding the disclosure of nor transactions with connected parties	noted

Internal controls

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
There were examples of staff expense claims being compiled in a format other than by using the correct claims forms (low risk)	Whilst there were no indications of any expenses being paid for items that were not bona fide, there is a risk of expenses being paid for inappropriate items if the correct process is now followed. We recommend that staff expenses are only being reimbursed if the appropriate process is followed	Procedures will be improved, and training delivered where appropriate, to ensure a robust and consistent process for the reimbursement of expenses is adhered to.
There was an example of incomplete business declaration forms, where not all directorships had been disclosed (medium risk)	Trustees and senior management should declare all business interests and directorships to ensure maximum transparency and a reduced risk of trading with connected parties outside of the requirements of the EFA Academies Financial Handbook	Trustee and senior management will review their declarations, and make amendments where necessary, to ensure all business interests are included

Anticipated audit report

We anticipate that we will issue an unmodified audit report for period.

Regularity assurance engagement findings

We conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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.

We anticipate that we will issue an unmodified regularity assurance report for the period.

Yours faithfully



**Graham Fitzgerald BA FCA DChA
Director**