



Sir Robert Pattinson Academy

Report to Governors Audit for the Year Ended 31 August 2023

This report was discussed with the governors at a meeting on 11 December 2023. Relevant comments are included in italics.

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Sir Robert Pattinson Academy

Report to Governors

1 Introduction

Streets is a firm of Chartered Accountants, looking after clients across the education sector including Academies, Free Schools and University Technical Colleges, throughout the East Midlands, East of England, South and East Yorkshire, London and the South East. Further information on our work with Academies and schools is included on our website.

Streets Audit LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Details of our registration can be viewed at www.auditregister.org.uk and www.cro.ie/auditors for Ireland, under reference number C001217999.

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2 Summary

2.1 Communications Required by Auditing Standards

We have audited the statutory accounts of the Academy for the year ended 31 August 2023 in accordance with the terms of our engagement letter. We draw your attention to the following points, as required by auditing standards.

- a) Qualitative aspects of the academy's accounting practices and financial reporting

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

- b) Unadjusted misstatements

Section 6 of this report documents potential misstatements identified during the audit. We would welcome your confirmation that you do not wish to adjust the financial statements for these items, together with your reasoning.

We also include in section 5 of this report any adjustments made to the financial statements during the audit. We would welcome your confirmation to these adjustments being made.

- c) 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. Section 7 of this report contains details of areas which were identified during the audit and our recommendations. It is not intended to be a full list of all potential weaknesses that may be present in your systems.

- d) Letters of representation

Appendix 1 and 2 to this report contains our proposed letters of representation which we will request from you prior to issuing the final accounts. We would be grateful if you could review these letters and let us know if there are any areas you wish to query.

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We will require the letters of representation to be signed by all of the governors (who are directors for the purposes of the Companies Act). Alternatively, we will require a copy of the board minute which documents the governors' consideration and acceptance of their contents.

e) Expected modifications to the auditor's report

Subject to receiving all the remaining confirmations, we do not propose to modify the audit report.

f) 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.

g) Other relevant matters relating to the audit

We have discussed with you the fact that we provide accounting 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 the additional services are of a compliance nature and management takes any decisions where judgement is required.

2.2 Outstanding Matters

We draw your attention to the following information which is outstanding. We will be unable to issue final financial statements until we have received / undertaken the following items which are discussed further in this report:

1. Resolution of the points raised in this report.
2. Successful completion of Post Balance Sheet Events work – a review of the latest management accounts and review of after date invoices.
3. Signed letters of representation.

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2.3 Conduct of the Audit

We would like to take this opportunity to thank the accounting staff for their help, assistance and timely provision of information during the audit, which was gratefully appreciated.

2.4 Purposes of the Report

Please note that this report has been prepared for the sole use of the Academy. 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.

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3 Key Accounts and Audit Issues

This section includes a discussion of the key areas of the financial statements and details the key issues that arose during our Financial Statement audit and Regularity Audit for discussion and agreements with the governors.

3.1 Key Accounts Points

The draft accounts show a reduction in incoming resources with the following variances compared to the previous year:

- Increase in GAG income – pupil led factors income has increased due to increased funding received per pupil and an increase in the number of pupils funded.
- Increase in other ESFA income – due to the receipt of supplementary grant income for a full year compared to 5 months in the previous year and the receipt of MSAG funding for April to August 2023.
- Increase in other income – due to the increase in trips income which is consistent with an increase in trips expenditure included in other direct costs.
- Reduction in capital income – the overall reduction in capital income is due to the reduction in CIF income offset by the receipt of the additional capital funding from the ESFA in the year.

Expenditure has increased compared to the previous year. In addition to the variances in expenditure noted above, the following variances should also be noted:

- Increase in staff costs – staff numbers disclosed are consistent with the previous year indicating that the increase is due to pay awards and other increases in the year.
- Increase in utilities – the increase is consistent with the price increases seen in the UK energy market in the year.
- Decrease in direct and support ICT costs – adjustments were agreed in the previous year in relation to the recognition of IT equipment within fixed assets with disposals written off to ICT costs.
- Decrease in maintenance costs – the reduction is in line with the reduced CIF project income and also due to the adjustment for disposals of fixed assets in the previous year.
- Increase in catering costs – the increase is consistent with an increase in catering income but also due to increases in food prices in the UK in the year.

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In terms of the balance sheet, the key variances compared to the previous year are:

- a) The reduction in creditors which is due to a decrease in trade creditors as large invoices were outstanding in the previous year in relation to the ongoing CIF project.
- b) The decrease in debtors which is due to a decrease in VAT recoverable due to the number of months not claimed in each year plus the level of VAT to be reclaimed on the CIF project invoices.

Whilst the variance on prepayments and accrued income is negligible in the accounts, it has arisen due to offsetting variances in each balance:

- Increase in prepayments – due to the purchase of a staff absence insurance policy which is prepaid with no comparative as well as a Complete Careers service being invoiced in advance and prepaid whereas the corresponding invoice was posted in the year to which it related.
- Decrease in accrued income – mainly due to a reduction in accrued CIF income which is in line with the stage of completion of the work and amounts received to date.

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3.2 Financial Statement Audit

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 academy 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.

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Summary of Significant Audit Findings – Standard Audit Risks:

1 Management Override of Controls

Per auditing standards, we are required to include management override of controls as a default risk on all audits. This is regardless of whether any evidence has been observed in the current or preceding years.

We confirm that no issues were observed during the audit.

2 Fraud in Relation to Revenue Recognition

Per auditing standards, we are also required to include Revenue Recognition as a default risk on all audits. This is regardless of whether any issues have been observed in the current or preceding years.

During the audit there was no evidence to suggest that Revenue had been manipulated.

Other Income Recognition:

Consistent with the previous year, an adjustment was agreed to accurately state CIF project income in line with the stage of completion with additional income of £41,202 recognised in the accounts.

Despite the Academy having a cashless catering system which records the value of sales, income is recognised based on the receipts basis. Our audit review confirmed that income is materially accurately stated in the accounts.

3 Related Party Transactions

Finally, per auditing standards we are also required to include related party transactions as a default risk on all audits. This also overlaps with the Regularity section as “Connected Party Transactions” has been highlighted by the ESFA as a key area.

Our review of the register of business interests and accounting records did not identify any transactions requiring disclosure in the financial statements.

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The audit work identified relatives of the headteacher are employed by the academy for which accurate disclosure in line with the Accounts Direction has been given in the accounts. We seek confirmation that the wording is accurate. Disclosure of this is not included on the register of business interests available on the academy website.

We continue to note the close relationship between In-House (PBS) Limited and L Harman. However, there is no element of control which necessitates the disclosure of transactions to be included in the financial statements.

Summary of Significant Audit Findings – Other Key Areas:

1 Payroll

Our audit work during the year has included reviews of the systems and controls for monthly processing, a reconciliation of the cost to payroll records and the agreement of a sample of staff as being accurately paid. We confirmed that the systems and controls operated effectively during the year, the cost in the financial statements is consistent with the payroll records and that staff have been accurately paid based on the sample tested.

An accrual has been included in the financial statements in respect of the non-teaching staff backpay due from April 2023 which we confirmed as being materially accurate based on the latest pay offer.

2 Local Government Pension Scheme (LGPS) Balance

A balance was recognised for the LGPS at the point of conversion with further actuarial valuations being undertaken at each subsequent balance sheet date to provide a figure to be included in the statutory accounts. This is in accordance with the requirements of FRS102 on the basis that the academy's share of the scheme balance can be separately determined. This is shown as a separate restricted fund reserve.

The actuarial valuation report for 31 August 2023 shows an increase in the scheme surplus. As discussed last year, a surplus is only recognised as an asset where it will be recovered by reduced contributions or a refund from the pension scheme. We have not identified any evidence supporting either. Therefore, the asset has not been recognised in the accounts with the movement in the year being disclosed as a separate line in the SoFA and appropriate disclosure given in the pension note.

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3 Other Accounting Estimates

The only other accounting estimates identified at the planning stage was in relation to fixed assets – depreciation and valuation of property.

In terms of property valuation, the depreciation policy does result in a £nil depreciation charge on the grounds of immateriality due to its long useful life and NRV due to regular maintenance. We undertook a review of the valuation based on the latest ESFA valuation which did not indicate a potential impairment to the valuation in the accounts based on the total valuation.

Other Audit Issues for Discussion:

1. Going Concern – we have reviewed the financial position of the academy and have determined that the academy maintains sufficient reserves at the year-end with no other budgeted concerns which would indicate that academy may not be a going concern. We have not identified anything else that indicates that the academy will not still exist in its current form this time next year. As a result, we agree that only the standard disclosures are required in the financial statements.

The governors confirmed that there were no matters affecting going concern.

3.3 Regularity Audit

In addition to our audit report on the financial statements the Accounts Direction also requires us to issue an assurance report on Regularity. This requirement was brought in by the ESFA in 2012, together with the additional “Statement on Regularity, Propriety and Compliance” which is signed by the Accounting Officer.

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

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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:

- The Review of the Academy's Systems and Controls and Confirmation of Operation during the Year including Authorisation of Invoices, Payments, Salary Adjustments and Tendering.
- The Review of a Sample of Expenses including Nominal Codes that might feature transactions associated with a greater risk.
- The Review of the Academy's Related Party Relationships and for any transactions which would require ESFA approval.
- Discussions with the Finance Team.

Points for Discussion:

Our audit work did not identify any issues requiring further discussion and therefore we anticipate that we will issue an unmodified regularity assurance report for the year.

4 Taxation

We are not aware of any activities that would give rise to a breach of HM Revenue and Customs thresholds for charities; accordingly we do not believe that the academy has a corporation tax liability.

Please advise if you believe there are additional activities that may be taxable, or if you have received any correspondence from HMRC. Per HMRC, the academy is not exempt from filing a tax return for 2023.

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5 Post Management Accounts Adjustments

The adjustments below have been made in arriving at the draft financial statements. Please review these adjustments and advise us if there are any in which you are not in agreement.

	Assets Increase / (Decrease) £	Liabilities Increase / (Decrease) £	Resources Increase / (Decrease) £
Net Resources per Final Client Trial Balance			62,799
Initial Accounts Adjustments:			
Release of Opening Balance Adjustments Not Posted	(42,487)	(67,700)	25,213
Adjust Accounting of Bursary Income and Expenditure		(1,020)	1,020
Recognition of Funds Carried Forward from Deferred Income		(21,271)	21,271
Adjustment of Payroll Control Accounts	(91)	(1,312)	1,221
Adjustment of Credit Notes Posted to Balance Sheet	(2,827)		(2,827)
Late Client Adjustment:			
CIF Project Invoice Not Accrued		3,063	(3,063)
Audit Adjustments:			
Adjustment of CIF Project Income and Expenditure	41,202	(2,058)	43,260
Agreed Audit Adjustments	41,202	(2,058)	43,260
Net Movement in Funds per the Accounts			148,894

The adjustments to the financial statements were approved.

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6 Unadjusted Items

During the audit, the following potential non-trivial misstatements were identified. For the purposes of the audit, trivial has been set at £4,500.

- Prepayments – a duplicate prepayment balance was posted meaning prepayments were calculated to be overstated by £11,718. However, our purchase testing identified an omission and therefore understatement of prepayments calculated to be £5,213. As a result, the net overstatement identified during the audit was £6,505.
- Fixed assets – based on the total invoice values, fixed assets were calculated to be understated by £20,447 – this figure does not include any depreciation.
- Audit accrual – based on the fee quote for the year, the year-end accrual was calculated to be understated by £6,175. The prior year accrual was also understated by £4,240 meaning the overall potential effect is £1,935 which is trivial to the accounts.

It was agreed not to adjust the financial statements for the potential misstatements on the grounds of immateriality.

7 Systems and Controls

As part of our audit, we are required by auditing standards to review the main systems and controls operated by the Academy and report any material weaknesses to those charged with governance. Our procedures are designed primarily with a view to the expression of an opinion on the accounts. Our comments cannot therefore be expected to include all possible improvements in the internal controls that a more extensive review by Internal Audit might identify.

Our audit work did not identify any significant systems weaknesses to be brought to your attention. Our work suggests adequate segregation of duties within the finance team and adequate authorisation procedures of payroll and purchases.

Sir Robert Pattinson Academy

Report to Governors

Appendix 1

Streets Audit LLP
Tower House
Lucy Tower Street
Lincoln
LN1 1XW

Dear Sirs

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the academy's financial statements and, as relevant, your assurance engagement on regularity for the year ended 31 August 2023. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

General

- 1 We have fulfilled our responsibilities as governors as set out in the terms of your engagement letter under the Companies Act 2006 for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
- 2 All the transactions undertaken by the academy have been properly reflected and recorded in the accounting records.
- 3 All the accounting records have been made available to you for the purpose of your audit and regularity assurance engagement. We have provided you with unrestricted access to all appropriate persons within the academy, and with all other records and related information requested, including minutes of all management and governor meetings and correspondence with the Education and Skills Funding Agency, Department for Education and the Charity Commission.
- 4 The financial statements are free of material misstatements, including omissions.

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- 5 The effects of uncorrected misstatements (as set out in the Report to Governors) are immaterial both individually and in total.

Internal control and fraud

- 6 We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error and which conform to the requirements both of propriety and good financial management. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
- 7 We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
- 8 We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others.

Assets and liabilities

- 9 The academy has satisfactory title to all assets and there are no liens or encumbrances on the academy's assets, except for those that are disclosed in the notes to the financial statements.
- 10 All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
- 11 We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.

Accounting estimates

- 12 The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

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Loans and arrangements

- 13 The academy has not granted any advances or credits to, or made guarantees on behalf of governors other than those disclosed in the financial statements.

Legal claims

- 14 We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for, and disclosed in, the financial statements.

Law and regulations

- 15 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

Related parties

- 16 Related party relationships and transactions comply with the academy's financial regulations, relevant requirements of the Academies Financial Handbook and have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with the requirements and guidance set out in the Companies Act 2006, the Charities SORP and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

Subsequent events

- 17 All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

Going concern

- 18 We believe that the academy's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the academy's needs. We also confirm our plans for futures action(s) required to enable the academy trust to continue as a going concern are feasible. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the academy trust's ability to continue as a going concern need to be made in the financial statements.

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Grants and donations

- 19 Grants made by the Department for Education and Education and Skills Funding Agency have been applied for the purposes intended and the Accounting Officer has ensured regular and proper use and value for money of monies received from government.
- 20 All other grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such income.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

We confirm that so far as we are aware, there is no relevant other information needed by you in connection with preparing your reporting accountant's assurance report on regularity of which you are unaware.

Each governor has taken all the steps that he / she ought to have taken as a governor in order to make themselves aware of any relevant audit / other information and to establish that you are aware of that information.

Yours faithfully

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Signed on behalf of the board of governors

Date.....

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Appendix 2

Streets Audit LLP
Tower House
Lucy Tower Street
Lincoln
LN1 1XW

Dear Sirs

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as I consider necessary in connection with your assurance report on regularity to Sir Robert Pattinson Academy and the Education and Skills Funding Agency (ESFA) for the year ended 31 August 2023. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy me that I can make each of the following representations. All representations are made to the best of my knowledge and belief.

General

- 1 I have fulfilled my responsibilities as accounting officer under the requirements of the funding agreement between Sir Robert Pattinson Academy and the Secretary of State for Education and the Academy Trust Handbook 2022.
- 2 I acknowledge my personal responsibility to Parliament for the regularity and propriety of the public finances for which I am answerable; for the keeping of proper accounts; for effective internal controls; for prudent and economical administration; for the avoidance of waste and extravagance; for achieving value for money; and for the efficient and effective use of all the resources in my charge.
- 3 I acknowledge my responsibility to notify the governing body and the ESFA of any instances of material irregularity or impropriety, or non-compliance with the terms of the academy's funding agreement and have had due regard to the requirements of the Academy Trust Handbook 2022 in performing this duty.

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- 4 Any instances of material irregularity, impropriety, or non-compliance discovered to date have been notified to the governing body and the ESFA.
- 5 Significant matters of which you should be aware have been brought to your attention including any instances of irregularity, impropriety or non-compliance with laws and regulations specific to the academy's authorising framework.
- 6 Full and free access has been granted to all records, correspondence, information and explanations that you have considered necessary to enable you to perform your work.

Yours faithfully

.....
Accounting Officer

Date.....