Buzzacott

# Academy accounts workshop – part two

Wednesday 19 July 2023

14:30 – 15:30

Buzzacott

# Agenda

- Introductions and virtual housekeeping
- Accounts preparation
  - Katharine Patel, Partner
- Excel accounts template
  - Gumayel Miah, Director
- Audit requirements
  - Shachi Blakemore, Partner
- Q&A and close

Buzzacott

# Accounts preparation

Katharine Patel

Buzzacott

## Preparing the accounts

- All transactions on the system
- Fully reconciled trial balance
- Mapping the trial balance to the accounts (and check back to management accounts)
- Additional schedules for accounts and audit
- Preparing the trustees' report and governance statement
- Ethical Standards

Buzzacott

# Year end preparation

**Financial reporting processes**

- Bank, VAT, trade debtors and creditors, PAYE, other control accounts
- Accruals and prepayments
- School/governors' funds, trips, grant income, pupil premium, other grants
- Fixed assets
- LGPS pension journal (annual)

**Additional year end information**

- Fund analysis
- Additional disclosures: Remuneration, staff numbers, ex-gratia/gifts, losses etc.
- AAR disclosures (e.g. additional staffing disclosures)

Buzzacott

## Year end analysis – common issues

- Fixed asset register (reconciliation)
- Fixed asset decisions (e.g. capital or revenue)
- Fund accounting - how much is spent / carried forward
- Pension journals
- Opening balances

Buzzacott

# Fund accounting

**20 Funds**

Discussed at paragraphs 2.168 to 2.170 of the Direction.

| | Balance at 1 September 2022 £000 | Income £000 | Expenditure £000 | Gains, losses and transfers £000 | Balance at 31 August 2023 £000 |
|---|---|---|---|---|---|
| **Restricted general funds** | | | | | |
| General Annual Grant (GAG) | 98 | 4,500 | (4,175) | (10) | **413** |
| UIFSM | - | 45 | (45) | - | **-** |
| Pupil Premium | - | 40 | (40) | - | **-** |
| Provision for boarding | - | - | - | - | **-** |
| Teaching school hub | - | - | - | - | **-** |
| Other grants | - | 297 | (246) | - | **51** |
| Pension reserve | (1,054) | - | (40) | (319) | **(1,413)** |
| | (956) | 4,882 | (4,546) | (329) | **(949)** |
| **Restricted fixed asset funds** | | | | | |
| Transfer on conversion | 9,218 | - | (673) | - | **8,545** |
| DfE Group capital grants | 1,124 | 200 | (100) | - | **1,224** |
| Capital expenditure from GAG | 7 | - | (3) | 10 | **14** |
| Private sector capital sponsorship | 171 | 344 | (173) | - | **342** |
| | 10,520 | 544 | (949) | 10 | **10,125** |
| **Total restricted funds** | **9,564** | **5,426** | **(5,495)** | **(319)** | **9,176** |
| **Total unrestricted funds** | 155 | 139 | (16) | - | **278** |
| **Total funds** | **9,719** | **5,565** | **(5,511)** | **(319)** | **9,454** |

Buzzacott

# Funds by school

**Total funds analysis by academy**

Either state:

Fund balances at 31 August 2023 were allocated as follows:

| | 2023 £000 | 2022 £000 |
|---|---|---|
| Boomtown Academy | **492** | 300 |
| Hopetown Academy | **400** | 155 |
| Newtown Academy | **(155)** | (205) |
| Central services **[if applicable]** | **5** | 5 |
| Total before fixed assets and pension reserve | **742** | 255 |
| Restricted fixed asset fund | **10,125** | 10,518 |
| Pension reserve | **(1,413)** | (1,054) |
| **Total** | **9,454** | 9,719 |

Newtown Academy is carrying a net deficit of £155k on these funds because: **[give brief details]**

The academy trust is taking the following action to return the academy to surplus: **[give brief details]**

Buzzacott

## Financial statements disclosures

- Specific transactions: staff severance, write-offs, ex-gratia payments, irrecoverable debts, gifts, losses, land and building disposals
- Funds
- Expenditure allocations – direct and support costs
- Capital commitments
- Related party transactions
- Operating leases (future commitments and amount during the year)
- Fees payable to auditor
- Gains/losses on disposal of fixed assets
- Deferred income
- Pension disclosures (from actuarial report)
- Agency arrangements
- MATs
  - Central charging structure
  - Joining/leaving schools

Buzzacott

# Financial statements disclosures

**Staffing and trustee disclosures**

- Staff costs analysis, including staff restructuring costs
- Staff numbers (headcount plus FTE (optional))
- Severance payments
- Higher paid employees (>£60,000) and their pension contributions
- Key management personnel
- Remuneration of trustees
- Trustee travel and subsistence expenses
- Trustees' and officers' insurance

Buzzacott

# AAR information

**AAR information - general**

- Counterparty balances (other academy trusts only)
- Non-payroll expenditure analysis (e.g. split of maintenance between grounds maintenance and building maintenance in benchmarking return)
- Benchmarking information by school for MATs

**AAR information - staffing**

- Staff numbers on an full time equivalent (FTE) basis
- Staff costs and numbers split between permanent and temporary/interim
- Total staff split between male and female
- Number of days lost to sickness
- Details of any off-payroll arrangements

Buzzacott

# Excel accounts template

Gumayel Miah

Buzzacott

# Introduction of the Excel workbook

**Purpose and key benefits**

- Provides the audit trail from trial balance to statutory accounts
- Reflects latest AAD changes / completeness of disclosures
- Built-in integrity checks to reduce risk of imbalance
- Includes ability to incorporate journal adjustments
- Allows for aggregation of multiple TBs for MATs
- Different templates available to match your setup (see right)

**Different templates available**

- Single academy trusts
- Single academy trust with subsidiary
- Multi-academy trust
- Multi-academy trust with subsidiary

Buzzacott

# Using the workbook: cell colours

- Extract of the SofA tab is shown on the right
- Presentation designed to look like the Coketown model
- But cell colours serve a purpose:

| | |
|---|---|
| User-filled | These are cells that the preparer should fill in by hard-typing a figure |
| User-formula | These are cells that the preparer should fill in, but where possible, by using a formula to help link directly from the trial balance |
| Formula-linked to other page | These cells contain pre-existing Excel formulas to help automatically populate the figures from data entered elsewhere in the workbook and should not ordinarily be changed |

- Same cell colouring system is used throughout the workbook

| | A | B | C | E | G | I | K | M |
|---|---|---|---|---|---|---|---|---|
| 1 | | **[ ] Academy Trust** | | | | | | |
| 2 | | Year ended 31 August 2023 | | | | | | |
| 3 | | | | | | | | |
| 4 | | **Statement of Financial Activities** | | | | | | |
| 5 | | **for the year ended 31 August 2023** | | | | | | |
| 6 | | | | | | | | |
| 7 | | **(including income and expenditure account)** | | | | | | |
| 8 | | | | | Restricted funds | | | |
| 9 | | | Notes | Unrestricted general funds £'000 | General funds £'000 | Fixed assets funds £'000 | **2023 total funds £'000** | 2022 total funds £'000 |
| 10 | | | | | | | | |
| 11 | | **Income and endowments from:** | | | | | | |
| 12 | | Donations and capital grants | 1 | - | - | - | - | |
| 13 | | Transfer from local authority on conversion | | | | | - | |
| 14 | | Charitable activities: | | | | | | |
| 15 | | Funding for the academy trust's educational operations | 2 | - | - | - | - | |
| 16 | | Teaching school hub | 20 | - | - | - | - | |
| 17 | | Other trading activities | 3 | - | - | - | - | |
| 18 | | Investments | 4 | - | - | - | - | |
| 19 | | **Total** | | - | - | - | - | - |
| 20 | | | | | | | | |
| 21 | | **Expenditure on:** | | | | | | |
| 22 | | Raising funds | 5 | #DIV/0! | - | - | **#DIV/0!** | |
| 23 | | Charitable activities: | | | | | | |
| 24 | | Academy trust educational operations | 6 | | #DIV/0! | - | **#DIV/0!** | |
| 25 | | Teaching school hub | 5 | | #DIV/0! | - | **#DIV/0!** | |
| 26 | | Other | | | | | - | |
| 27 | | **Total** | | #DIV/0! | #DIV/0! | - | **#DIV/0!** | - |
| 28 | | | | | | | | |
| 29 | | | | | | | | |
| 30 | | **Net income / (expenditure)** | | #DIV/0! | #DIV/0! | - | **#DIV/0!** | - |
| 31 | | | | | | | | |
| 32 | | **Transfers between funds** | 15 | - | - | - | - | - |
| 33 | | | | | | | | |
| 34 | | **Other recognised gains / (losses)** | | | | | | |
| 35 | | Actuarial gains (losses) on defined benefit pension | 19 | - | - | - | - | |
| 36 | | | | | | | | |
| 37 | | **Net movement in funds** | | #DIV/0! | #DIV/0! | - | **#DIV/0!** | - |
| 38 | | | | | | | | |
| 39 | | **Reconciliation of funds** | | | | | | |
| 40 | | Total funds brought forward | | - | - | - | - | |
| 41 | | **Total funds carried forward** | | #DIV/0! | #DIV/0! | - | **#DIV/0!** | - |
| 42 | | | | | | | | |

... SoFA | BS | CF | Notes 1-4 | Notes 5-6 | Support Costs Allocation | Note 7 | Staff costs worki ...

Buzzacott

# Using the workbook: mapping your trial balance

- Extract of Trial Balance tab shown to the right
- Key part of preparer's role is to map the correct account "TYPE" for each nominal account
- Full listing of available "TYPES" is included at the 'Key for TB Codes' tab – extract shown below

| | A | B | C |
|---|---|---|---|
| 1 | Code | Type | Balance |
| 55 | OTHER | INC | Other DfE / ESFA grants |
| 56 | PEN | BS | Pension scheme liability |
| 57 | PF | BS - FUND | Pension fund |
| 58 | PRE | BS | Prepayments and accrued income |
| 59 | PREMD | EXP | Direct premises costs **other than** depreciation of assets used in the curriculum. Most premises costs will be support costs. |
| 60 | PREMS | EXP | Premises support costs, including; Maintenance, Cleaning, Rent and Rates, Energy, Insurance, Security and transport |
| 61 | PUP | INC | Pupil Premium |
| 62 | RED | EXP - STF | Redundancy costs |
| 63 | RESTR | EXP - STF | Restructuring costs (other than redundancy and severance) |
| 64 | RF | BS - FUND | Restricted funds |
| 65 | SBOARD | EXP | Support costs - boarding |
| 66 | SEP | INC | Special educational projects |
| 67 | SEV | EXP - STF | Severance payments |
| 68 | SHOPINC | INC | Shop income |
| 69 | SPEN | EXP - STF | Support staff pension costs |
| 70 | SSAL | EXP - STF | Support staff salaries |

COVER | GUIDANCE | Key for TB codes | PY TB | Accs Journals ...

| | A | B | C | D | E |
|---|---|---|---|---|---|
| 1 | [ ] Academy Accounts Preparation | | | | |
| 2 | Year ended 31 August 2023 | | | Balances? | YES |
| 3 | | | | | |
| 4 | Trial Balance | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | Valid? | TYPE | Nominal coc | Nominal name | Closing balance |
| 12 | Yes | FDEP | ALE9081 | Kitchen Furniture/Eqpt AccumId Deprn | (6,334) |
| 13 | Yes | FDEP | ALE9082 | Curriculum Equipment Accumulated Deprn | (13,419) |
| 14 | Yes | FDEP | ALE9083 | Science Spec.Furn/Eqpt Accumd Deprn | (0) |
| 15 | Yes | DEB | ALE9300 | Sales Ledger Control | 74,786 |
| 16 | Yes | CREDO | ALE9310 | Student Debtors | (1,518) |
| 17 | Yes | DEBO | ALE9312 | Other Debtors | 330,162 |
| 18 | Yes | PRE | ALE9320 | Prepayments | 199,758 |
| 19 | Yes | INVES | ALE9335 | CCLA Investments | 1,976,455 |
| 20 | Yes | INVES | ALE9336 | CCLA Investments 2 | 1,058,673 |
| 21 | Yes | INVES | ALE9337 | CCLA Investments 3 | 734,537 |
| 22 | Yes | BANK | ALE9400 | APS Lloyds Current Bank Account | 253,326 |
| 23 | Yes | BANK | ALE9412 | APS Lloyds Bank 367 days Deposit Account | 442,095 |
| 24 | Yes | BANK | ALE9415 | APS Lloyds TSB Hardship Account | 79,094 |
| 25 | Yes | BANK | ALE9416 | CCLA Deposit Account | 10 |
| 26 | Yes | BANK | ALE9420 | Petty Cash Control Account | 2,122 |
| 27 | Yes | CRED | ALE9500 | Purchase Ledger Control | (666,574) |
| 28 | Yes | CREDO | ALE9510 | Other Creditors | (49,476) |

The answer in this column will automatically update to "yes" if you successfully use a "type" at Column B which is included on the "Key for TB Codes" tab

GUIDANCE | PY TB | Trial Balance | 1 ...

Buzzacott

# Using the workbook: understanding the key formula

- Main formula used throughout the workbook is:
  - =SUM(SUMIFS('Trial Balance'!$R:$R,'Trial Balance'!$B:$B,{“**TYPE NAME**"}))
- Searches the trial balance for the “TYPE” entered against each nominal account, and adds up values where the TYPE matches

P50 =SUM(SUMIFS('Trial Balance'!$R:$R,'Trial Balance'!$B:$B,{"PRE"}))

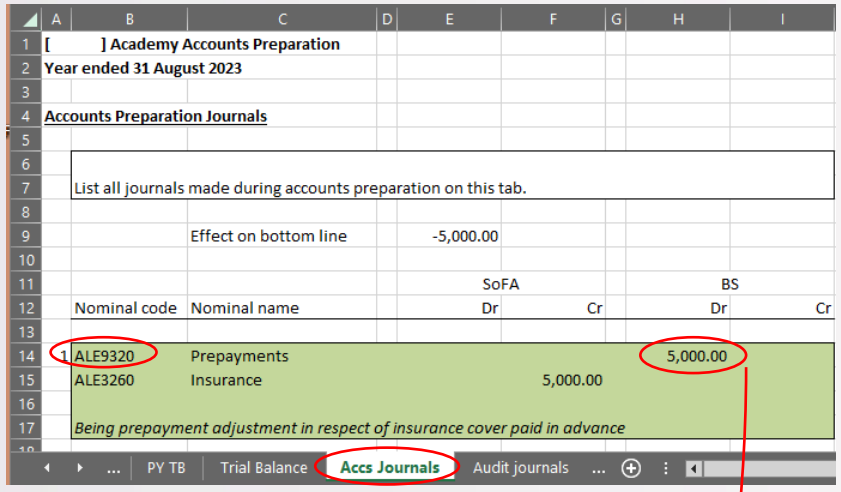
| | B | D | P | R | T |
|---|---|---|---|---|---|
| 43 | | | | | |
| 44 | 12 | **Debtors** | | | |
| 45 | | | **2023 £'000** | 2022 £'000 | |
| 47 | | Trade debtors | 75 | | DEB |
| 48 | | VAT recoverable | 126 | | VAT |
| 49 | | Other debtors | 330 | | DEBO |
| 50 | | Prepayments and accrued income | 200 | | PRE |
| 51 | | | 731 | - | |

At Column T, for your reference, we have noted the "TYPE" that will be searched for within the formula included in the blue coloured cells.

Buzzacott

# Using the workbook: posting journal adjustments

- After adding the TB to the workbook, there may be a need to reflect additional journals or audit adjustments
- Please record these on the journals tab
  - see the top right screenshot
- If you correctly enter the nominal code in column C, the adjustment will be automatically reflected on the trial balance tab
  - see the bottom right screenshot



[ ] Academy Accounts Preparation
Year ended 31 August 2023

Accounts Preparation Journals

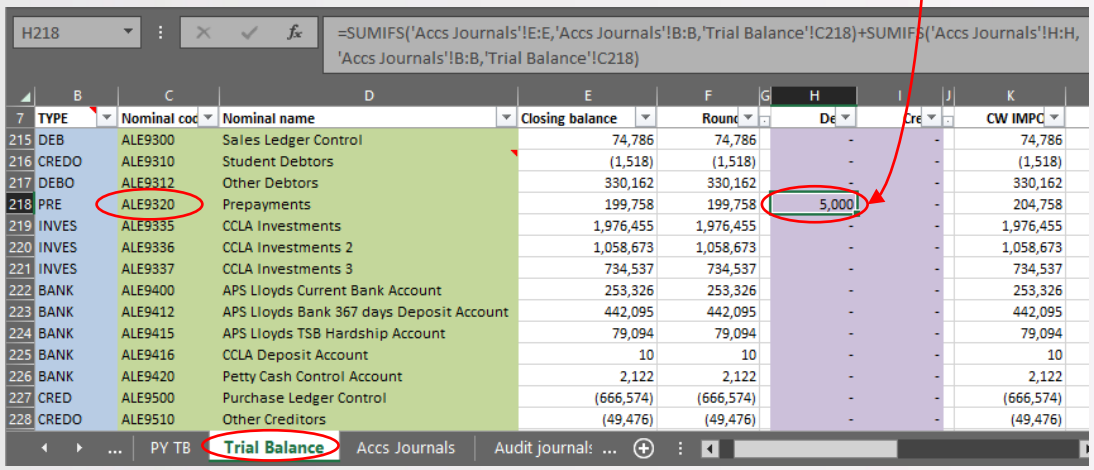
List all journals made during accounts preparation on this tab.

Effect on bottom line -5,000.00

| | Nominal code | Nominal name | SoFA Dr | SoFA Cr | BS Dr | BS Cr |
|---|---|---|---|---|---|---|
| 1 | ALE9320 | Prepayments | | | 5,000.00 | |
| | ALE3260 | Insurance | | 5,000.00 | | |

*Being prepayment adjustment in respect of insurance cover paid in advance*

PY TB | Trial Balance | Accs Journals | Audit journals



H218 =SUMIFS('Accs Journals'!E:E,'Accs Journals'!B:B,'Trial Balance'!C218)+SUMIFS('Accs Journals'!H:H,'Accs Journals'!B:B,'Trial Balance'!C218)

| | TYPE | Nominal cod | Nominal name | Closing balance | Round | De | Cre | CW IMPC |
|---|---|---|---|---|---|---|---|---|
| 215 | DEB | ALE9300 | Sales Ledger Control | 74,786 | 74,786 | - | - | 74,786 |
| 216 | CREDO | ALE9310 | Student Debtors | (1,518) | (1,518) | - | - | (1,518) |
| 217 | DEBO | ALE9312 | Other Debtors | 330,162 | 330,162 | - | - | 330,162 |
| 218 | PRE | ALE9320 | Prepayments | 199,758 | 199,758 | 5,000 | - | 204,758 |
| 219 | INVES | ALE9335 | CCLA Investments | 1,976,455 | 1,976,455 | - | - | 1,976,455 |
| 220 | INVES | ALE9336 | CCLA Investments 2 | 1,058,673 | 1,058,673 | - | - | 1,058,673 |
| 221 | INVES | ALE9337 | CCLA Investments 3 | 734,537 | 734,537 | - | - | 734,537 |
| 222 | BANK | ALE9400 | APS Lloyds Current Bank Account | 253,326 | 253,326 | - | - | 253,326 |
| 223 | BANK | ALE9412 | APS Lloyds Bank 367 days Deposit Account | 442,095 | 442,095 | - | - | 442,095 |
| 224 | BANK | ALE9415 | APS Lloyds TSB Hardship Account | 79,094 | 79,094 | - | - | 79,094 |
| 225 | BANK | ALE9416 | CCLA Deposit Account | 10 | 10 | - | - | 10 |
| 226 | BANK | ALE9420 | Petty Cash Control Account | 2,122 | 2,122 | - | - | 2,122 |
| 227 | CRED | ALE9500 | Purchase Ledger Control | (666,574) | (666,574) | - | - | (666,574) |
| 228 | CREDO | ALE9510 | Other Creditors | (49,476) | (49,476) | - | - | (49,476) |

PY TB | Trial Balance | Accs Journals | Audit journals

Buzzacott

# Things to be mindful of: funds disclosure

- Workbook makes presumptions which may not be appropriate for your Academy Trust
- E.g., the workbook assumes all Pupil Premium income is fully expended within the year
- Requires preparer to consider the presumptions made and amend formula / cell contents as needed
- This disclosure also requires a lot more manual input (green cells).
- E.g., total depreciation charge for the year will need to be allocated across rows 31 to 34 – the workbook cannot determine this automatically

] Academy Trust
Year ended 31 August 2023

**Notes to the financial statements**
for the year ended 31 August 2023

**15 Funds**

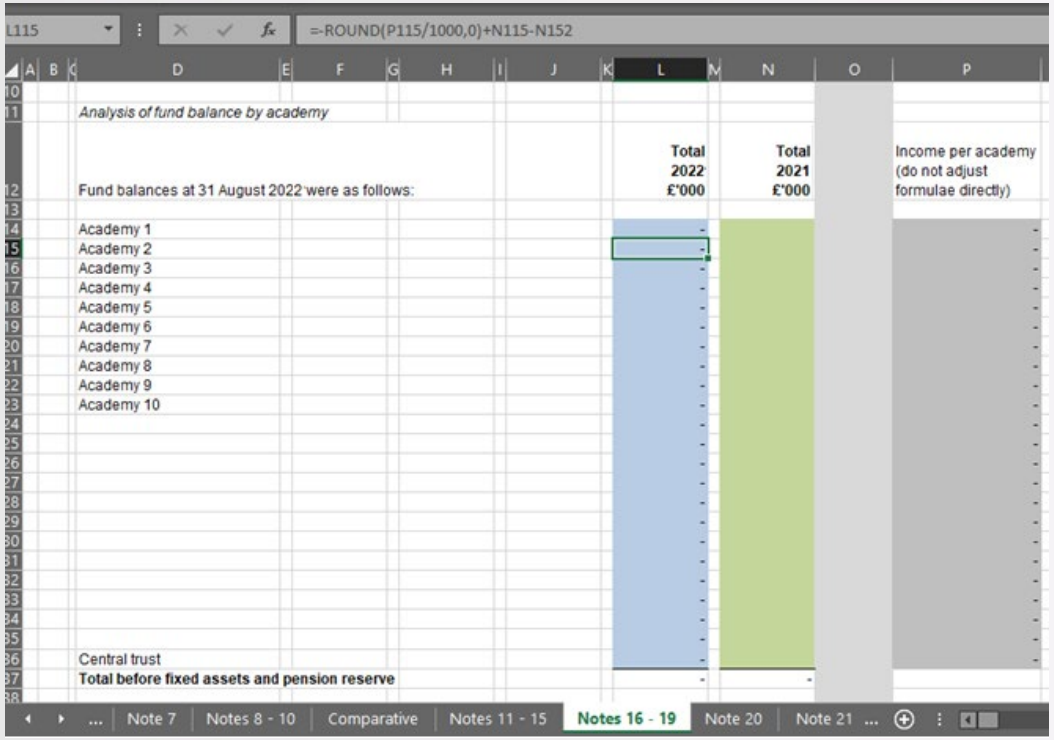
| | Balance at 1 September 2022 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | **Balance at 31 August 2023 £'000** |
|---|---|---|---|---|---|
| **Restricted general funds** | | | | | |
| General Annual Grant (GAG) | | - | #DIV/0! | | **#DIV/0!** |
| UIFSM | | - | - | | - |
| Pupil Premium | | - | - | | - |
| Catch-up premium | | - | - | | - |
| Other DfE/ESFA COVID-19 funding | | - | - | | - |
| Other grants | | - | - | | - |
| Pension reserve | | - | - | - | - |
| | - | - | #DIV/0! | - | #DIV/0! |
| **Restricted fixed asset funds** | | | | | |
| Transfer on conversion | | - | | | - |
| DfE/ESFA capital grants | | - | | | - |
| Capital expenditure from GAG | | - | | | - |
| Private sector capital sponsorship | | - | | | - |
| | - | - | - | - | - |
| **Total restricted funds** | - | - | #DIV/0! | - | #DIV/0! |
| **Unrestricted funds** | | | | | |
| General funds | | - | #DIV/0! | | **#DIV/0!** |
| Designated funds | | - | | | - |
| **Total unrestricted funds** | - | - | #DIV/0! | - | **#DIV/0!** |
| **Total funds** | - | - | #DIV/0! | - | #DIV/0! |

Notes 10-14 | Notes 15-18 | Note 19 (Pensi ...

Buzzacott

# Things to be mindful of: reserves by school

- Workbook tries to calculate reserves by school based on TB figures, but this may not be appropriate
- Requires preparer to consider the presumptions made and amend formula / cell contents as needed



Buzzacott

# Top tips and common issues

- Reusing same TB mapping as prior year – use “PY TB” tab
- Elimination of rounding differences – check TB nets to zero
- Use the filters on the right-hand side of the TB tab
- Watch for data validation errors – see screenshot
- Do make changes to meet your disclosure requirements
- Accounts Return tab

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 4 | **Statement of Financial Activities** | | | | | | | |
| 5 | **for the year ended 31 August 2023** | | | | | | | |
| 6 | | | | | | | | |
| 7 | **(including income and expenditure account)** | | | | | | | |
| 8 | | | | Restricted funds | | | | |
| 9 | | Notes | Unrestricted general funds £'000 | General funds £'000 | Fixed assets funds £'000 | **2023 total funds £'000** | 2022 total funds £'000 | **Notes** |
| 11 | **Income and endowments from:** | | | | | | | |
| 12 | Donations and capital grants | 1 | 14 | - | 253 | **267** | | |
| 13 | Transfer from local authority on conversion | | | | | - | | |
| 14 | Charitable activities: | | | | | | | |
| 15 | Funding for the academy trust's educational operations | 2 | - | 12,911 | - | **12,911** | | Error |
| 16 | Teaching school hub | 20 | - | 11 | - | **11** | | |
| 17 | Other trading activities | 3 | 283 | 342 | - | **625** | | |
| 18 | Investments | 4 | 3 | - | - | **3** | | |
| 19 | **Total** | | 300 | 13,264 | 253 | **13,817** | - | |
| 20 | | | | | | | | |
| 21 | **Expenditure on:** | | | | | | | |
| 22 | Raising funds | 5 | - | - | - | - | | |
| 23 | Charitable activities: | | | | | | | |
| 24 | Academy trust educational operations | 6 | 199 | 13,586 | 591 | **14,376** | | |
| 25 | Teaching school hub | 5 | | 36 | - | **36** | | |
| 26 | Other | | | | | - | | |
| 27 | **Total** | | 199 | 13,622 | 591 | **14,412** | - | |

Buzzacott

# Audit requirements

Shachi Blakemore

Buzzacott

# Audit requirements

**Financial statements audit opinion**

- True and fair view
- Prepared in accordance with UKGAAP
- Compliance with ESFA Accounts Direction
- Consistency with trustees' report

**Conclusion on regularity**

**AAR conclusion**

Buzzacott

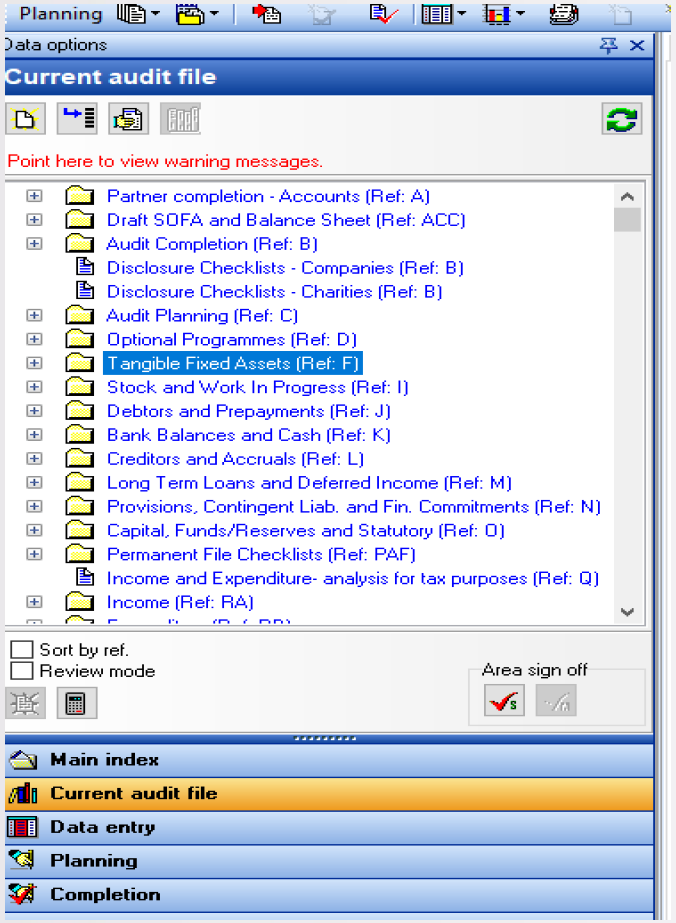
# The audit file

- Directory including each financial statements area
- Our work includes

- Tests of detail

- Analytical work on material numbers

- Higher risk areas



Buzzacott

# Information required for audit

**Numbers**

- Schedules agreeing accounts to TB
- Balance sheet rec's
- Balance sheet breakdowns; prepayments, accruals, aged debtors, aged creditors
- Schedules to support disclosures: Staff numbers, severance pay etc.

**Audit**

- Minutes
- Declarations of interest
- Budgets and forecasts
- Explanations and supporting documentation for key areas

Buzzacott

# PBC list

**Debtors**

| | |
|---|---|
| A schedule showing how the debtors figure in the debtors note has been derived from the TB | |
| Aged debtors listing with explanations for any significant old balances. | |
| A detailed list of accruals and prepayments which reconciles to the accounts | |
| Backing documentation for any significant debtors (over £10,000) | |
| VAT returns and reconciliation to closing general ledger balance (if applicable) | |
| Details of any bad debt provisions including general and specific | |

**Cash and bank**

| | |
|---|---|
| A schedule detailing individual account balances per trial balance, including comparatives. | |
| Year-end bank reconciliations for all accounts | |
| Bank statements from 1 September 2021 to date (paper copies are acceptable) | |
| Year-end statements for any deposit accounts | |

**Non-payroll expenditure**

| | |
|---|---|
| A schedule showing how support costs have been allocated across account headings detailing the method used | |
| A schedule showing a list of contracts over £100,000. | |
| A detailed listing of any individual expenditure items greater than £5,000 for each of the following categories:<br><br>- Ex gratia/compensation payments<br>- Gifts made by the trust<br>- Fixed Asset losses<br>- Stock losses<br>- Unrecoverable debts<br>- Cash losses | |

Buzzacott

## Regularity, propriety and compliance

- Regularity: For the purposes intended by Parliament
- Propriety: Standards of conduct, behaviour and corporate governance maintained when applying funds
- Compliance: With the terms of the funding agreement (**including Academies Trust Handbook**)

Buzzacott

# Regularity – common audit issues

**Common issues resulting in qualifications/disclosures historically**

- Related party transactions not “at cost”
- Severance payments not sought prior approval
- Finance leases

Financial procedures need to be updated or in line with actual practise

Lack of approval of relevant transactions (Academies Trust Handbook)

Buzzacott

# Regularity

**Audit obligation**

- Understanding of the academy's controls (and checks)
- Review of relevant transactions
- Review of supporting evidence

**Self-assessment checklist**

Buzzacott

# Self assessment checklist

| REGULARITY, PROPRIETY AND COMPLIANCE<br>**Please set out below the Academy Trust's response to the risk of irregularity, impropriety and non-compliance as well as details of supporting evidence** | | | | |
|---|---|---|---|---|
| | **Area** | **Questions** | **Academy Trust response (including any specific cases of relevance)** | **Supporting evidence (suggestions in brackets)** |
| 1. | Reducing regularity risk throughout the pandemic and periods of remote working | Has the Academy Trust revised its delegation of authority or any of its financial procedures as a result of the pandemic or remote working?<br>Has the Academy Trust breached any of its stated financial procedures as a result of the pandemic? (For example, as a result of remote working of absence of personnel that are essential to certain processes.)<br>*Academy Trusts may wish to refer to their later responses to questions 2 to 24.* | | (E.g. evidence of approval of revised Delegation of Authority, minutes of trustee meetings).<br>**Academy Trust response:**<br>**Buzzacott response:** |
| 6. | Remuneration of employees (non-executives) | How does the Academy Trust ensure that the remuneration of employees (non-executives) is set at an appropriate rate?<br>How does the Academy Trust ensure that only valid amendments to the payroll are processed? | | (E.g. reference to control procedures set out in the Academy Trust's financial procedures manual / Remuneration policy / Evidence of authorisation of pay scales)<br>**Academy Trust response:**<br>**Buzzacott response:** |

Buzzacott

# Going concern

**Criteria:** Ability to pay the Trust's liabilities for a period of at least 12 months

**Trustees' obligations**

- ESFA good practice guide 'Operating an academy trust as a going concern'

**Statements in accounts**

- Statement in trustees' report
- Accounting policies

**Audit requirement**

- International Standard on Auditing (ISA 570)

Buzzacott

# Audit implications – ISA 570

- Positive audit opinion in the audit report, flagging material uncertainties if relevant
- Increased audit work to challenge Trustees'/management's assessment of going concern

**Key documents for the auditor:**

- Budgets and forecasts including cash flow forecasts, which cover the going concern period (e.g the BFRO and the 3-year budget forecast return submitted to the ESFA)
- Summary paper detailing the Academy Trust's assessment of going concern
- Latest readily available management accounts up to the point of signing the audit report

Buzzacott

# Reserves – what is stated in the accounts

| | |
|---|---|
| Total funds | X |
| Less: Restricted funds not available for general purposes | (X) |
| Less: Designated funds | (X) |
| Less: Fixed assets | (X) |
| Free reserves | X |

**Explain**: Why does the trust need to hold reserves?

**Quantity**: The level of reserves (or range) required for the above purposes

Compare and state and actions by the trustees.

NB: LGPS pension liability

Buzzacott

# Questions and answers

Buzzacott

Thank you for attending