

8 December 2022

Private & Confidential

Testwood School
Testwood Lane
Totton
Southampton
Hampshire
SO40 3ZW

Moore (South) LLP
33 The Clarendon Centre
Salisbury Business Park
Dairy Meadow Lane
Salisbury, Wiltshire SP1 2TJ

T 01722 335182
F 01722 412154

Dear Sirs

TESTWOOD SCHOOL

Management and Governance Report for the year ended 31 August 2022

The purpose of this letter is to provide the Governors with constructive observations arising from the audit process. We set out below details of any expected modifications to our audit report, details of any uncorrected misstatements in the financial statements (except any misstatements which are clearly trivial) including the effect of uncorrected misstatements related to prior periods on the current period, any material weaknesses in systems we have identified during the course of our audit work and our views about the quality of accounting practices and financial reporting procedures, and any other relevant matters.

Our procedures are carried out solely for the purpose of our audit so that we can form and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Our audit does not necessarily disclose every weakness and for this reason the matters referred to below may not be the only shortcomings which exist.

We take this opportunity to remind you that:

- This report has been prepared for the sole use of Testwood School
- It must not be disclosed to any third party other than the ESFA without our written consent;
- No responsibility is assumed by us to any other person who may choose to rely on it for his or her own purposes.

Expected modifications to our report

We do not expect to make any modifications to our audit report. However, our responsibilities with regard to the audit report extend up to the date on which it is signed and we will advise you of any changes to this position if necessary.

Unadjusted misstatements detected by us

We have identified misstatements or omissions from the financial statements these have been presented to you. These have not been corrected by you as you believe that they are immaterial both individually and in aggregate to the financial statements as a whole.

Qualitative aspects of accounting practices and financial reporting

During the course of our audit, we consider the qualitative aspect of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. We have discussed with you the following observations:

- The appropriateness of the accounting policies to the particular circumstances of the Academy;
- The timing of transactions and the period in which they are recorded;
- The appropriateness of accounting estimates and judgements, including the consistency of assumptions and degree of prudence reflected in the accounting records;

- The potential effect on the financial statements of any uncertainties including significant risks and disclosures, such as pending litigation that are required to be disclosed in the financial statements.
- Material uncertainties related to events and conditions that may cast significant doubt on the Academy's ability to continue as a going concern;
- The extent to which the financial statements are affected by any unusual transactions during the period and the extent to which such transactions are separately disclosed in the financial statements;
- Significant difficulties, if any, encountered during the audit.
- Other matters, if any, arising from the audit that, in the auditors professional judgment, are significant to the oversight of the financial reporting process.

Accounting system and internal controls

During the course of our audit of the financial statements for the year ended 31 August 2022, we examined the principal internal controls which the Trustees have established to enable them to ensure, as far as possible, the accuracy and reliability of the charity's accounting records and to safeguard the charity's assets.

We have discussed these matters and we are writing formally in order to draw your attention to weaknesses in control which came to our notice during this examination and to suggest ways in which the system could be improved. The attached schedule provides details of our observations and recommendations. Please provide your response to each matter and return the schedule to us.

Independence and objectivity

It is fundamental to our appointment as auditors that our independence and objectivity are preserved at all times.

We are aware that in addition to providing audit services to the Academy, Moore (South) LLP will assist with the preparation of the Statutory Accounts and the preparation of the Annual Return. This may be thought to infringe upon this firm's independence and objectivity of the audit engagement parties and team.

The matters above are a potential threat to our independence and we have introduced safe guards to counter this potential threat. The Financial Statements and Annual Return are subject to review by yourselves and for this purpose you are deemed to be informed management.

We confirm that in our professional judgement and having regards to the safeguarding in place, the firm is independent within the meaning of regularity and professional requirement and the objectivity of the audit engagement partner and staff is not impaired


Concluding remarks

Finally, we take this opportunity of thanking your staff for the assistance offered to us during the course of our work. Their patient help and assistance was much appreciated and we trust their cooperation has enabled us to keep your costs down.

We shall be pleased to supply you with any further information you may require.

We shall be glad if you will inform us in due course what steps you decide to take in connection with each of the above matters. It would be helpful if you would also inform us when any changes are made in the existing system.

Yours faithfully

A handwritten signature in black ink that reads "Moore (South) LLP". The signature is written in a cursive, flowing style.

Moore (South) LLP

Management letter points from 2022 audit

Statutory Filings

Severity	L
Observation	It was identified that the appointment of two new members was not filed at GIAS. These had been filed at Companies House.
Implication	The Academy Trust is in breach of the statutory filing requirements of the DfE.
Recommendation	We recommend that all trustee appointments are filed as required.
Academy response	Point accepted and this will be looked at and resolved.

Website

Severity	M
Observation	It was identified that the Trustee information reported on the Trust website had not been updated since 2020/21, specifically the list of Trustees and the Register of Interests.
Implication	Publication requirements are not being met. The information reported on the website is out of date and does not reflect the current list of Trustees.
Recommendation	Ensure that the information published on the Trust website is reviewed and updated at least annually.
Academy response	Point accepted and this will be looked at and resolved.

Management Accounts

Severity	M
Observation	The monthly management accounts lack detail and explanations for variances on budgets. It is unclear from the minutes what is provided to trustees and how often they receive this information. Lack of challenge from trustees documented in the minutes.
Implication	Year end budgets may not accurately reflect the year ahead. Unusual expenditure and income may not be identified.
Recommendation	See section starting 2.18 in the 'Academies Financial Handbook'. Ensure variances to budget are documented and discussed, and financial performance is measured against Key performance indicators.
Academy response	Point accepted and this will be looked at and resolved.

Management Letter point from prior year audits resolved

Internal Audit

Severity	M
Observation	Internal audit procedures expectations from the ESFA/DfE are changing with more guidance on the process. We have not seen evidence in the minutes that the trustees are driving the internal audit process, and that they are following up on issues raised.
Implication	ESFA/DFE are looking for more from the internal audit process and that the process should be driven by the trustees, e.g. starting from the risk register, providing a year end report to them etc., rather than just going with the procedures suggested by the internal auditors themselves.
Recommendation	Assess what the key risks are around the risk register and where there are potential control deficiencies that the internal auditor can review and report on. Ensure any points raised are discussed and actioned in a timely manner.
Academy response	Risk register has been updated and is now a live document, reviewed by Trustees at meetings. Internal scrutiny programme is agreed by B&F committee at meeting in November and regular updates were given throughout year.

Related Party Declarations

Severity	H
Observation	It was noted that one Trustee had not disclosed details of directorships of other companies.
Implication	Transactions with the related party may not be identified and disclosed.
Recommendation	Ensure that all related parties are identified and reported on the Register of Interests.
Academy response	Register of interest has been updated to include all related parties.

Unadjusted Errors from 2022 audit

		P&L Impact (Debit)	P&L Impact (Credit)	Balance Sheet Impact (Debit)	Balance Sheet Impact (Credit)	Reason for not adjusting
1	Capitalised Painting Costs	£12,750			£12,750	Minor Effect
2	Trips Cut-Off	£41,176	£41,176	£41,176	£41,176	No change in results for the year