

5 December 2024

**Private & Confidential**The Board of Trustees  
Testwood School  
Testwood Lane  
Totton  
Southampton  
Hampshire  
SO40 3ZW

Dear Sirs

**TESTWOOD SCHOOL****MANAGEMENT AND GOVERNANCE REPORT FOR THE PERIOD ENDED 31 AUGUST 2024**

The purpose of this letter is to provide the Trustees 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 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.

**Uncorrected misstatement detected by us**

We have discussed with you the misstatements we identified in the financial statements which have not been adjusted. We attach the schedule which records the misstatements and/or omissions and the reasons for not making the corrections. The schedule does not include matters we believe to be clearly trivial. We have asked you separately to affirm in writing the reasons for not making the corrections to the financial statements.

## **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 Trust;
- 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.
- If there are any material uncertainties related to events and conditions that may cast significant doubt on the Trust'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.
- Significant matters, if any, arising from the audit that we discussed, or subject to correspondence with management; and written representations the auditor is requesting from management.
- 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 2024, 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 Trust's accounting records and to safeguard the school'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.

## **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



**Moore (South) LLP**

# Recommendations

During the course of our audit of the financial statements for the year ended 31 August 2024, we examined the principal internal controls which group has established to enable them to ensure, as far as possible, the accuracy and reliability of the accounting records and to safeguard the assets.

It should be noted that our audit was planned and performed in order to allow us to provide an opinion on the financial statements and it should not be relied upon to reveal all errors and weaknesses that may exist.

## Action plan – audit recommendations

We have identified a number of observations which we consider require management action. Recommendations to address the observations are detailed in the action plan below.

| Grade    | Definition  |
|----------|---|
| <b>H</b> | major issues for the attention of senior management which may have the potential to result in a material weakness in internal control |
| <b>M</b> | important issues to be addressed by management in their areas of responsibility   |
| <b>L</b> | problems of a more minor nature which provide scope for improvement.  |

|   | Observation  | Severity | Recommendation  | Response from Management  |
|---|--|----------|---|---|
|   | <b>2024 Management findings</b>  |          |   |   |
| 1 | <p><b><u>Best value for money analysis and quotes for orders over £5k</u></b></p> <p>We tested 10 purchases over £5,000. Per the schools scheme of delegation at least 3 written quotes must be obtained for orders over £5,000. From the sample tested it was not clear that this is being consistently done. Evidence of quotes and discussions around suppliers was provided for some of these, but for 1 out of the 10 tested there was no evidence of 3 quotes.</p> <p>Orders could be placed that are not at the best prices, or to favoured suppliers without considering best value.</p> | Medium   | Ensure three quotes are obtained for all orders over £5k. Ensure a quote review is done and kept with the purchase invoice which summarises the reason the supplier used was selected by the school.. | This has been noted and will aim to be resolved going forwards. |
| 2 | <p><b>Statutory Filing</b></p> <p>It was identified that the resignation of Judith Munro was filed at companies house after the 14 day deadline.</p> <p>The Academy Trust is at risk of being in breach of the statutory filing requirements of the DfE &amp; Companies house.</p>   | Low      | We recommend that all trustee appointments are filed as required on time and with the correct details as confirmed by the clerk and finance manager.  | This has been noted and will aim to be resolved going forwards. |

|   | Observation  | Severity | Recommendation  | Response from Management  |
|---|--|----------|---|---|
|   | <b>2024 Management findings</b>  |          |   |   |
| 1 | <p><b><u>Supplier detail changes</u></b></p> <p>It was noted that the process for changing supplier details &amp; employee details for payment is still very manual and does not have much of an audit trail.</p> <p>Supplier or employee details could be changed in error.</p> | Low      | It is recommended that when suppliers/ staff wish to change their details a form is produced identifying the proposed change and this is approved by a member of the SLT. | We always contact the supplier and get them to confirm their change of details. We record the information has been verified. If staff want me to change their back details for payroll, I always make them come and see me and I check their new bank card before I implement any changes. Staff are aware of this. |

| Unadjusted misstatements – 31/08/2024                                 | Income Statement |        | Balance Sheet |        |
|---|------------------|--------|---------------|--------|
|   | DR               | CR     | DR            | CR     |
| CIF retention not accrued for.  | 8,086            |        |               | 8,086  |
| Prepayment & deferred income for trips netted off against each other. |                  |        | 81,737        | 81,737 |
| Potential understated support staff accrual                           | 11,430           |        |               | 11,430 |
| Photocopying internal recharges                                       | 17,492           | 17,492 |               |        |

Net effect of unadjusted misstatements is a £19,516 increase in deficit.