

**Private & Confidential**

The Trustees  
St John's Catholic School & Sixth Form College  
Woodhouse Lane  
Bishop Auckland  
County Durham  
DL14 6JT

Our ref:        STJ0006NER/GF  
Your ref:  
Date:         10 December 2015

Dear Trustees

**Report to management**

During the course of our audit and regularity assurance engagement for the period ended 31 August 2015 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 St John's Catholic School and Sixth Form College. 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 Evolution Business and Tax Advisors LLP 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

Evolution Business and Tax Advisors LLP




Here's to the future. We plan it. You shape it.

## Significant matters relevant to our audit and regularity assurance engagements for the period ended 31 August 2015

### 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 and generic risk area identified at planning	Findings, significance and recommendations	Management response / timetable for action
Recognition of income in the appropriate accounting period (generic academy sector audit risk)	No adjustments were required following the audit and we were satisfied that all income was appropriately accounted for	N/A
Allocation of expenditure against the appropriate income stream (generic academy sector audit risk)	The finance team provided appropriate details to confirm that the accounts were prepared in accordance with the appropriate guidelines and all funds have been accounted for in accordance with those guidelines	N/A
The recognition of land and buildings in the balance sheet	Following discussion with the academy and a review of the Accounts Direction and subsequent guidance issued by the church and the EFA, it has been agreed that the land and buildings acquired on conversion should remain off the balance sheet	N/A
Regularity of expenditure	We reviewed as part of the audit and discussed regularity with the management team, no significant matters were highlighted	N/A
Connected party transactions	We did not note any issues regarding the disclosure of nor transactions with connected parties	N/A

## 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
Employee information such as contracts were not held for the longest serving academy employees, it is thought that this may be held by the local authority (low risk)	We recommend that the academy tries to locate the records and hold them securely on site in the event of any employee or contractual issues	It is not usual practice to reissue contracts following a TUPE transfer however it is agreed that a full audit of staff files will now be undertaken in order to establish any omissions in relation to staff contracts.

#### Update on prior year's management letter points

Audit issues communicated in last year's management letter and our proposed approach to each of these areas, in light of developments in the period are outlined below:

Findings / recommendations	Status in current in year	Management response / timetable for action
Late invoices for transport from Durham County Council	The academy is now accruing for costs in the accounts, but late invoicing by the local authority remains and issue	A monthly accrual for the cost of LA provided transport is being undertaken. Unfortunately the timing issue of the invoice by the LA is out of the control of the Academy.
Governors are concerned at delays in the issue of monthly management accounts	Management accounts have been issued on a timely basis in the current financial period	Agreed.

#### 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 2014 to 2015 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



Evolution Business and Tax Advisors LLP