



Our ref: LAK/ALK/ S23244

9 December 2021

The Trustees  
Share Multi Academy Trust  
Shelley College  
Huddersfield  
HD8 8NL

Dear Sirs

## REPORT TO MANAGEMENT

During the course of our audit and regularity assurance engagement for the year ended 31 August 2021, a small 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 Share Multi Academy Trust. 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 BHP LLP towards any party acting or refraining from action as a result of this report.

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

**BHP LLP**

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**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.

**Summary of significant audit findings**

Significant risk area identified at planning	Findings, significance and recommendation	Management response / timetable for action
Material misstatement due to fraudulent financial reporting as a result of revenue recognition.	No evidence of misstatement in relation to revenue recognition has been noted during the course of the audit.	No action needed.
Management override of controls in order to perpetrate fraud by overriding controls.	No evidence of management override noted during audit testing.	No action needed.
Laws and regulations.	There were no instances of non-compliance of laws and regulations brought to our attention.	No action needed.

**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.

<b>Control weakness identified and significance</b>	<b>Potential implications and recommendations</b>	<b>Management response/ timetable for action</b>
<p>It was noted that some purchases during the expenditure testing had not been raised in accordance with the scheme of delegation. As per the scheme of delegation, there should be two authorisers (Budget Holder and Headteacher) for purchases from the primary schools with an amount up to £9,999. However, we have noted for some invoices only the Budget Holder has authorised the purchases.</p>	<p>The risk related to not following this procedure is that the purchases may not be placed with the preferred supplier and may not be the best value for money.</p> <p>The recommendation is that the Scheme of Delegation is followed during the process of making a purchase or that the scheme of delegation is amended to reflect the true process which is followed presently.</p>	<p>Central Services were established at the trust in 2019, at which point the responsibility for all ICT and Premises procurement was transferred from academy level to trust level, under the leadership of the Director of Operations. Thus , there is no requirement to have 2 authorisers of Primary School procurement up to £9,999. The trust Scheme of Delegation had not been updated to reflect this, and the action we will take is to ensure it is amended.</p>
<p>It was noted that the client had been deferring unspent funds at the year end, instead of keeping them in reserves.</p>	<p>There is a risk that income and reserves are materially misstated in the accounts.</p> <p>Income is not being recognised in accordance accounting standards.</p> <p>To not defer unspent funds at the year end and to keep it sat in reserves carried forward. The only time income can be deferred is if the academy can't spend it until the next financial year.</p>	<p>We were not aware of the requirement (specific to charity accounting) that all funds received in the accounting period (but unspent) could not be deferred, even where the funding was for the period 1 April 2021 – 31 March 2022. In the past, this has not been material. It is only since the introduction of the SCA that this error has been identified. We agree that funds unspent at the year end will now be kept in reserves in order that income is correctly recognised rather than deferring unspent income (and that we can only defer UIFSM and NNDR grant income).</p>

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

This is the first year that BHP LLP have audited the financial statements.

**Audit report**

We have issued an unmodified audit report for the year.

**Regularity assurance engagement findings**

We conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2020 to 2021 issued by ESFA. 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.

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:

- Detailed testing on a sample basis to assess the nature of expenditure and whether funds have been used appropriately;
- Review of the trusts internal financial procedures to ensure that controls are in place to prevent or identify regularity issues;
- Ensure that ESFA approval has been obtained for relevant transactions;
- Discussions with Governors, Senior Leadership Team and the Accounting Officer throughout the audit process to ensure that all regularity threats have been addressed.

We anticipate that we will issue an unmodified regularity assurance report for the year.

**Regularity assurance engagement findings - Continued**

Regularity issues brought to your attention in connection with the regularity assurance engagement are as follows:

Observation	Risk	Recommendation	Response
It was noted that the details of higher paid employees are not disclosed on the school website.	As per the financial handbook it is noted that the following must be published on the website for all academy trusts.	To review the financial handbook to ensure that all relevant information is on the school’s website.	Acknowledged - this information is now included on the Trust website.

**Update on prior year’s regularity management letter points**

This is the first year that BHP LLP have completed the regularity assurance work.