

Our ref:

Your ref:
S068/DMB/ALD

4 December 2018

Share Multi Academy Trust
Huddersfield Road
Shelley
Huddersfield
West Yorkshire
HD8 8NL

Dear Sirs

REPORT TO MANAGEMENT

During the course of our audit and regularity assurance engagements for the year ended 31 August 2018 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 Share Multi Academy Trust. We understand that you are required to provide a copy of this report to the Education and Skills 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 Wheawill & Sudworth Limited 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



D M Butterworth
Wheawill & Sudworth Limited

W&S

Wheawill & Sudworth

Chartered Accountants
Business & Tax Advisers
Registered Auditors

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Directors: David Butterworth FCA Colin Barratt FCA Am Hayer FCA Michael Bland ACA Helen Solomons FCA

Wheawill & Sudworth Limited

Registered in England and Wales: Company registration number 7935765

Registered Office: 35 Westgate, Huddersfield HD1 1PA. Wheawill & Sudworth is a trading name of Wheawill & Sudworth Limited.

Registered to carry on audit work in the UK and regulated for a range of investment business activities by The Institute of Chartered Accountants in England & Wales

Forensic

Tax

Assurance

Corporate Finance

Business Services

Our ref:



SIGNIFICANT MATTERS RELEVANT TO OUR AUDIT AND REGULARITY ASSURANCE ENGAGEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

Wheawill & Sudworth

Chartered Accountants
Business & Tax Advisers
Registered Auditors

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.

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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 set out to you in our letter dated 21 September 2018.

Summary of significant audit findings

Significant risk area identified at planning	Findings, significance and recommendations	Management response / timetable for action
Management override of internal controls	Good internal controls are in place with segregation of duties where possible. No evidence of management override was noted	
Income recognition/completeness	The accounting policy for income recognition was found to be in line with the requirements of SORP 2015 FRS 102 and the Academies Accounts Direction 2017 to 2018, no material issues were noted in relation to the completeness of income.	

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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 are limited to those deficiencies that we have identified during the audit.

Summary of audit differences and draft letter of representation

Attached is a schedule of all of the unadjusted misstatements noted during our work. We would be grateful if you could review these and confirm that you are satisfied that none of these need to be adjusted for in the financial statements.

We have also attached a draft letter of management representations required in connection with our audit.

Outstanding matters

Prior to issuing our audit report we require the signed letter of representation.

Anticipated audit report

We anticipate that we will issue an unmodified audit report for the year, subject to the satisfactory clearance of any outstanding/unresolved the matters outlined in this report.

Regularity assurance engagement findings

We conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2017 to 2018 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 involved obtaining an understanding of the framework and authorities sufficient to identify and assess risk. This assessment is informed by our understanding of how the Trust complies with the framework of authorities, the Accounting Officer's Statement of Regularity, Propriety and Compliance and the work of the Accounting Officer and Responsible Officer during the period.

Our testing included a review to ensure financial controls were appropriately designed and implemented during the period as well as detailed tests and analytical procedures to ensure compliance with specific terms of Share Multi Academy Trust's funding agreement and the Academies Financial Handbook, extant from 1 September 2017. These tests were integrated with the audit of the financial statements for the period ended 31 August 2018 and separately documented.

We anticipate that we will issue an unmodified regularity assurance report for the year, subject to the satisfactory clearance of any outstanding/unresolved the matters outlined in this report.

Appendix 1

Summary of unadjusted misstatements
Year ended 31 August 2018

Nature of error or deviation & reason for it	Unadjusted P&L effect		Unadjusted BS effect	
	dr	cr	dr	cr
1) Depreciation variance (judgemental)		9,485	9,485	
2) Missing accruals	11,008			11,008
3) VAT reconciliation difference		2	2	
4) Stock omitted in error		3,059	3,059	
	<u>11,008</u>	<u>12,546</u>	<u>12,546</u>	<u>11,008</u>
EFFECT ON NET ASSETS OF UNADJUSTED MISSTATEMENTS NET ASSETS OVERSTATED		<u>1,538</u>		<u>(1,538)</u>