

GIBSON BOOTH

CHARTERED ACCOUNTANTS

Report to the trustees of South Ossett Infants Academy

Annual summary of internal scrutiny

9 September 2022

South Ossett Infants Academy
Report to trustees as at 09 September 2022

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1. Introduction

1.1. Purpose of this report

This report has been prepared for the trustees of South Ossett Infants Academy following our testing and review of the accounting systems and internal controls in the year ended 31 August 2022.

Our work included discussing accounting systems and internal controls the finance department and performance of walk-through tests to ensure that systems were operating as described to us.

Where weaknesses in the accounting systems and internal controls have been identified we have made recommendations for improvement.

1.2. Limitations

We have included in this report only those matters that have come to our attention as a result of our testing and review and, consequently, our comments should not be regarded as a comprehensive record of all weaknesses that may exist or improvements that could be made. In some cases, reliance has been placed on verbal representations given by employees of the school.

This report is regarded as confidential to the trustees of South Ossett Infants Academy and is intended only for the use of the trustees. No responsibility is accepted to any other person in respect of the whole or part of its contents.

Our work has not constituted an audit in accordance with Auditing Standards of either the financial or non-financial information presented to us and will not necessarily have disclosed all matters of significance. Nor have we subjected the financial or other information contained in this report to checking or verification procedures, except where otherwise stated.

Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of this report. This report should not be passed on to third parties without our prior consent.

1.3. Executive summary

Our work has focussed on three areas during the year; VAT, Purchases and payroll, as guided by trustees. The school has various policies and controls in place to reduce the risk of misstatement or fraud. No significant issues or errors were noted during our work.

Purchases: Work undertaken suggests that the school has several procedures in place to ensure purchases are correctly authorised and recorded.

Payroll: The school has several procedures and policies in place to reduce the risk that staff are paid late or incorrectly, whether due to mistakes or fraud.

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VAT: The school has several procedures in place when preparing and submitting VAT 126 returns, and no errors were noted, other than a missing invoice

Where appropriate, recommendations have been made for improvement and these are highlighted in section 3 of the report. We would also refer you to the grading structure for recommendation as highlighted in schedule 2.2 of the report.

2. Work performed

2.1. Areas identified

We have reviewed the accounting systems of South Ossett Infants Academy. During the year the areas reviewed were:

1. Procedures and processes in place for all purchases
2. Procedures and processes in place when preparing and submitting VAT 126 returns
3. Reviewed of the payroll systems of South Ossett Infants Academy

2.2. Grading structure

For each recommendation we will assign a grading of High, Medium or Low priority depending on the importance or risk of the issue as explained below: Priority	Classification
High	There is a significant risk of loss to the school through ineffective or absent controls or a highly inefficient use of the school's resources. Urgent action is recommended to rectify the matter.
Medium	There is a weakness or inefficiency which should be addressed promptly.
Low	A possible improvement in application, efficiency or recording of control

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3 Recommendations

The following recommendations have arisen from our review accounting systems and internal controls:

Findings	Section	Risk first found	Recommendation	Risk	Response
The school does not have a list of all direct debits/contracts in place/		July 22	The school keeps a list of all Direct debits and monthly/quarterly contracts, so that it can easily monitor the payments which are being taken by suppliers without a purchase order.	Low	The Trust will prepare a list of the DD/monthly payments however these are very limited in number.
The VAT submissions are prepared and submitted by one member of staff.		July 22	Another member of the accounts or management team could check the VAT submissions, to reduce this risk that errors are made.	Low	Due to the size of the Trust, there is a limited number of qualified colleagues to review the VAT submission. As the Trust is seeking to join a larger MAT this will ultimately resolve this recommendation.
An invoice could not be found for an item claimed on a return		July 22	The school should ensure that it has copies of all invoices to hand, on which VAT has been claimed.	Medium	Unfortunately, in this instance the invoice was unable to be located. The Trust believes this to be a one-off occasion. If the invoice was needed for a review by HMRC the Trust would have requested a copy of the invoice.
A variance report could be used to analyse the differences in payroll each month to make it simpler to detect irregularities		Jun 22	If not done already, the school should prepare or request a variance report from Wakefield Council which highlights the changes in different areas from the prior months' payroll documents. This should be used and authorised by Tina when	Low	Whilst the Officer Manager and Head Teacher review the payroll and compare to prior month, a variance report would make this process

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			looking at the documents sent by Wakefield Council and will make it straightforward to notice any unexpected variances.		more efficient. This will be requested from Wakefield council.
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