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**PRIVATE AND CONFIDENTIAL**

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Our ref:

Dear Sirs

**AUDIT AND REGULARITY FINDINGS REPORT**

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.

We have complied with the Financial Reporting Council's Ethical Standard and all threats to our independence, have been properly addressed through appropriate safeguards. No additional facts or matters have arisen during the course of the audit that we wish to draw to your attention and we confirm that we are independent and able to express an objective opinion on the financial statements.

This report has been prepared for the sole use of the trustees of Buckinghamshire UTC. We understand that you are required to provide a copy of this report to the Education & Skills Funding Agency who may share this information internally within the Department for decision making purposes. 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 Baldwins Audit Services towards any party acting or refraining from action as a result of this report.

We would be grateful if you could enter the academy trust'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



Baldwins Audit Services

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

**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**

<b>Significant risk area identified at planning</b>	<b>Findings, significance and recommendations</b>	<b>Management response / timetable for action</b>
Going concern given the clawback by the ESFA and deficits in previous years.	We reviewed meeting minutes and correspondence with the ESFA. We were satisfied that the academy had made significant improvements, and the clawback is now below the current bank balance and could be paid back on demand. Therefore, no recommendations required.	None required
Management override – management find themselves in the position where they could override routine day to day financial controls.	Our audit procedures have not identified any instances of management override.	None required
<b>Other areas where issues were identified during the audit</b>	<b>Findings, significance and recommendations</b>	<b>Management response / timetable for action</b>
Assets held on the fixed asset register which can't be identified as still in use by the academy.	Items on the fixed assets register, in particular, office and IT equipment are unknown as to whether the academy still have the assets, and whether they should be disposed of.  Reconcile the assets back to the fixed asset register and propose a disposal of any assets which are not there or should be disposed of.	A new audit 7/18 was done on IT equipment and discussed with auditors and referenced back on new purchases. Some original IT equipment has been destroyed.  Furniture has been added to and is traced. About 150 original chairs have had to be replaced.  Further comparison will be carried out this next year.

## 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
The purchase ledger is not being maintained in a timely manner.	Payments and invoices could be missed and not reconciled correctly.	Not raised during audit process so examples not seen. Processes are same now as all previous audits. But comment is noted and situation will be monitored.

## Status of findings / recommendations from previous years

Audit issues communicated in last year's audit findings report and our proposed approach to each of these areas, in light of developments in the [year] are outlined below:

Findings / recommendations	Status in current in year	Management response / timetable for action
Companies house not being up to date for all trustees as directors.	All trustees' are appointed per Companies House	No action required
Per ESFA guidance, 5 members to be appointed, only 3 members currently	The charity still has only 3 members.	Action withheld pending joining a MAT which was anticipated to have happened in the 2017-18 year – now expected mid 2018-19.
Assets acquired not allocated to a funding source	Assets purchased in the year had used the DFC funding, whilst the remaining amount was transferred from the GAG Fund.	No action required.

## 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.

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.

Findings / recommendations	Potential implications and recommendations	Management response / timetable for action
Payments had been to ARW Education Services Limited (a company controlled by the ex-Executive Principal Tony Withell) for his services as Executive Principal not 'at cost'.	This is in breach of the Academies Financial Handbook 2017.	As Tony Withell is no longer in his position of Executive Principle no further action is required.