

22nd November 2023



Quest (A Church of England Schools Trust)
External Audit Findings Report
For the year ended 31st August 2023

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Status and approach

This report has been prepared for the board of trustees of Quest (A Church of England Schools Trust).

This report summarises the principle matters that have arisen from our audit of the accounts and regularity assurance engagement for the year ended 31st August 2023.

At the date of this report we anticipate no modifications to the audit report or the regularity assurance report .

Approach

Our audit procedures were carried out in accordance with International Standards on Auditing (UK and Ireland).

Our audit work was carried out at 682 Atherton Road, Hindley Green, Wigan, WN2 4SQ in accordance with our audit plan and in response to the perceived audit risks, no reasons or significant issues were identified which required us to change our approach and no additional risks were identified.

We consider the approach adopted will provide the trustees with the required confidence that a thorough and robust financial statement audit has been carried out.

Materiality

The concept of materiality is fundamental to the preparation of the financial statements and to the audit process. We have set our materiality level at £102,000.

For audit purposes £5,100 is deemed as merely trivial.

Status and approach continued ...

Status of audit

Subject to no significant post balance sheet events we anticipate issuing clean audit and regularity reports.

Following on from our pro forma report on 8th November 2023, the following matters are to be brought to your attention:

Item 3 per Appendix 1 – payroll proof in total difference.

This brings the total of potential misstatements to £91,595 which remains below materiality of £102,000. We have requested that you confirm, in paragraph 14 of Appendix 2 to this report, that in your opinion the effects of unadjusted misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

As the UCS Local Government Pensions Scheme (LGPS) is in surplus we have also requested a specific representation, paragraph 19 Appendix 2 to this report, that you have received no notification of any refunds or reduction in contributions payable in respect of the local government pension scheme (LGPS) for University Collegiate School

Please note that this report has been prepared for the sole use of Quest (A Church of England Schools Trust). It must not be disclosed to third parties, quoted or referred to, without our prior written consent. No responsibility is assumed by us to any other person.

Acknowledgements

We would like to take the opportunity to express our thanks to your team for their assistance during the course of our audit.

Status and approach continued ...

Independence

In accordance with the requirements of Auditing Standards and to assist you in reviewing the nature and extent of audit and non-audit services provided by Xeinadin Audit Ltd and its associates, we are writing to set out relevant matters.

The firm provides audit and regularity services in accordance with the terms of our engagement letter. All adjustments to the statutory accounts are discussed with statutory accounts are discussed with Tonianne Hewitt (Head of Finance) for approval.

Separate teams at Hallidays undertake all non audit work for the Company. All estimates and judgements involved in the accounts preparation are discussed with Tonianne Hewitt (Head of Finance).

It is the responsibility of the trustees to prepare the accounts on a going concern basis (unless it is inappropriate to prepare them on this basis), additionally the trustees must ensure that the financial statements present a true and fair view and that management go through an appropriate process to arrive at the necessary estimates and judgements.

We confirm that, in our professional judgement, we are independent of Quest(A Church of England Schools Trust) and the objectivity of the audit engagement partner and audit staff is not impaired.

Legal and regulatory requirements

Our audit work complies with the following relevant legal and regulatory requirements:

- Financial Reporting Standards Applicable in the UK and Republic of Ireland (FRS102)
- the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS102))
- the Charities Act 2011
- the Companies Act 2006
- the Academies Accounts Direction 2022 issued by the Education Skills Funding Agency (ESFA)

Audit and Regularity opinions and comments

Our anticipated audit opinion will be a clean audit opinion. Our anticipated regularity opinion will be a clean regularity opinion

We have no comments to make concerning the qualitative aspects of the entity's accounting practices and financial reporting. Notwithstanding this, there are some weaknesses in the internal controls which are outlined on pages 7 to 8.

We did not encounter any significant difficulties during the audit. No adjustments have been made as a result of the audit process. Unadjusted misstatements noted in the audit process are included in Appendix 1.

A draft of our proposed letters of representation are attached appendix 2 & 3.

There are two specific representations in appendix 2 to draw to your attention, paragraph 7 related parties and 19 in respect of the LGPS surplus.

As you are aware from our letter of engagement, our audit procedures were directed towards testing the accounting systems in operation upon which we have based our assessment of the accounts. On page 8 you will see details of actual and potential weaknesses identified during the course of our audit and our recommendations for improvements.

Significant accounting policies, disclosures and estimates

There were no significant accounting policies or estimates used, other than the LGPS valuation which is covered later in this report, that need to be brought to your attention.

Independence

We have discussed with you the fact that Hallidays provide accounting services to the company. Xeinadin auditing acting as auditors. Both are members of the Xeinadin Group. We wish to confirm to you that in our opinion the provision of such services by Hallidays do not affect our independence as:

The additional services provided are of a routine compliance nature and the Board takes any decisions where judgement is required;

The firm and the audit engagement team have therefore complied with relevant ethical requirements concerning independence.

Internal Controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal control 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.

The matters being reported here are limited to those deficiencies that we have identified during the course of our audit and we have concluded are of sufficient importance to merit being reported to you in accordance with ISA 265.

It is not meant to be a full and accurate reflection of all weaknesses that may be present in your system.

In making our recommendations, we have considered the size of your company and the number of staff you employ. We shall be glad if you will let us know what steps have been taken in connection with the above.

The following weaknesses were identified, together with their consequences and suggested course of action. They have been categorised as follows...



The business is subject to levels of fundamental risk where immediate action should be taken. The risk is so great that it could seriously damage the reputation of the business, increase the risk of fraud or cast doubt on the ability of the business to continue to be a going concern.



A weakness that presents a significant risk to the business, but would not be so serious as to be fundamental. Usually arises from a key control which would be expected to be in place, or a major control failure. Attention is to be given to resolving the position.



These are relatively minor issues. Where a procedure has not been complied with but the non-compliance has not exposed the business to a significant level of risk or financial loss. Usually housekeeping issues where desirable improvements to be made to improve or implement the internal controls.

Internal Controls

No.	Status	Weakness	Consequence	Recommendations	Ref	B/fwd	Management Response
1	Merits attention	For 1 of the 6 petty cash items tested, the authority to purchase form was approved retrospectively.	Petty cash transactions that have not been correctly authorised may result in deficits within the Trust's budget or expenditure being incurred which is not in line the Trust's objectives.	We recommend that there is an approved authority to purchase form completed before petty cash transactions are completed.	D200	N	Item was below £10 – school reminded of the process and financial guidelines reissued in September 23 to all staff
2	Merits attention	Section 9 financial procedures and controls of the scheme of financial administration (SOFA) states that non order invoices will be signed by the principal prior to payment. For one item reviewed, the Director of Education had signed the invoice.	There is a risk that expenditure is not being authorised in line with the delegated authority set by the Board.	Ensure that authorisation of non orders occurs in line with the SOFA or ensure that the Board reviews the delegated authority levels included.	R200	N	Amended SOFA – signatory list identifies that the Doe has authority to sign orders

Findings relating to planned risk areas: Significant risks

	Resolution
<p>All detected or suspected instances of material fraud Review minutes of the governing body .</p> <p>Discussions with the senior management team.</p> <p>Review of large and unusual transactions with related parties for indications of passible fraud.</p> <p>Detailed testing of none grant income</p>	<ul style="list-style-type: none"> • No information has come to light which suggests instances of material fraud have occurred.
<p>Management override Review audit trail and journal entries posted within the period and maintain professional scepticism.</p> <p>Consideration of large and unusual transactions.</p>	<ul style="list-style-type: none"> • We have seen no evidence of management override.
<p>Areas of management estimates –Local Government Pension Scheme (LGPS). We obtained and reviewed a copy of the FRS 102 actuarial valuation prepared by the actuary and undertook procedures to determine our ability to rely on their work.</p> <p>We confirmed that the Employee and Employer rates on the payroll records are in line with the contributions required under the scheme.</p> <p>We reviewed the disclosure made in line with information we obtained for other school clients and publicly available information on the internet and via the Academy Auditors Forum.</p>	<ul style="list-style-type: none"> • We have reviewed the FRS 102 reports issued by the actuary and the disclosures in the financial statements with no issues noted. We refer you to our request for a specific representation Appendix 2 paragraph 19 in respect of the LGPS surplus. • We are satisfied that the accounting treatment and contributions are in line with expectations

Findings relating to planned risk areas: Significant risks

	Resolution
<p>Completeness of provisions/ accruals We reviewed the provisions and accruals in the financial statements against primary documentation and post year end events.</p>	<ul style="list-style-type: none"> • We are satisfied that there are no material exceptions to accruals. Please see Appendix 1 for those items to which we are bringing to your attention.
<p>Information on Instances of Non-Compliance with Laws & Regulations that could give rise to a material misstatement in the financial statements Review minutes of the Governing Body Discussed with the senior management team. Review legal and professional costs for indicators of claims.</p>	<ul style="list-style-type: none"> • No information has come to light of any non-compliance with the laws and regulations that could give rise to a material misstatement in the financial statements.
<p>Capital Condition Improvement Funding (CIF) We reviewed publicly available information for details of CIF awarded in year. We reviewed the minutes and publicly available information for details of larger capital projects and grants applied for. We reviewed the documentation relating to capital grants. We reviewed the bank statements after the year end to identify capital grant/SALIX loan funding receipts. We reviewed purchase invoices after date for large capital items.</p>	<ul style="list-style-type: none"> • We are satisfied that no CIF grants have been identified. • We are satisfied that no SALIX loans have been identified and recorded.

Findings relating to planned risk areas: Significant risks

	Resolution
<p>Going Concern</p>	
<p>Consideration of the underlying data in the forecasts</p> <p>Consideration of the adequacy of support for the assumptions of the underlying the forecast and the consistency with our understanding of the academy.</p> <p>Consideration of the academy's past performance to assess the management's ability to reliably and accurately forecast.</p>	<ul style="list-style-type: none"> • We are satisfied that the Trust remains a going concern.

Findings relating to planned risk areas: Significant risks

Resolution

Staff Costs

The major cost for the Academy Trust is the direct teaching and other staff costs.

We tested in detail 38 employees of the academy to confirm that wages and salaries are paid only to bona fide employees of the Academy Trust for work done. The audit work undertaken included testing to confirm gross pay rates, pension and other deductions

We reviewed actual costs for the year against our expectations and obtained explanations for the variance.

- We undertook work in line with our outlined approach. Please see Appendix 1 for item we are required to bring to your attention.

Fees, non-audit services and independence

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.

We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

For the purposes of our audit we have made enquiries of all Hallidays teams and teams within the Xeinadin Audit Limited Network providing services to Quest (A Church of England Schools Trust).

The total cost of all non audit services for the year ended 31st August 2023 is £6,170.

Independence and non-audit services

We have considered whether non-audit services might be perceived as a threat to our independence as the company’s auditor and have ensured that appropriate safeguards are put in place.

The below non-audit services are consistent with the Board’s policy on the allotment of non-audit work to your auditors.

Ethical standards and ISA UK 260 require us to give you full and fair disclosure of matters relating to our independence. In this context: We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.

We have complied with the Auditing Practices Board’s Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board’s Ethical Standards.

For the purposes of our audit we have made enquiries of all the Xeinadin Audit Limited Network providing services to Quest (A Church of England Schools Trust). The table summarises all non-audit services which were identified.

Non-audit service provided	Service provided by	Threat	Safeguard
Preparation and review of statutory accounts	Hallidays	Yes	Separate team



Supporting You

We know the importance of regular contact and our client care programme enables us to keep up to date with your challenges and offer an opportunity to share best practice.



Fixed Fee

All fees will be agreed and fixed up front. Any extra work will not be undertaken without your approval. We also offer a unique money back guarantee if you're ever unhappy with our service.



Strategic Hurdles

We will guide and support you through the legal, financial and regulatory responsibilities, which means you can concentrate on the strategic development of your practice.



Delivering Results

We aim is to become part of your team. We'll get to know your practice inside out; this means we can be a true business partner that easily identifies problems and spots opportunities.



High Quality

Our clients' needs have been placed at the heart of our growth. As part of our commitment to help you, we will always share best practice with you.

Why choose Xeinaadin?



Our Culture

Hallidays – Xeinadin Group is a modern and innovative practice with roots dating back to 1843. We are your ideal business partner and will work with you to achieve your goals.

Vision

To be the business partner that supports and inspires you to grow and achieve your ambitions.

Mission

Supporting and inspiring you to grow and achieve your goals.

Values

Support, Inspire, Grow.

Thank you!

www.xeinadin.co.uk

Quest (A Church of England Schools Trust)
SCHEDULE OF UNADJUSTED ERRORS - Final Materiality £102,000 clearly trivial if below £5,100
FOR THE YEAR ENDED 31st August 2023

Appendix 1

No	FILE REFERENCE	EXTRAPOLATED ERRORS		ACTUAL ERRORS		P&L		Balance Sheet	
		Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
<u>ABOVE TRIVIAL - REPORTABLE</u>									
1	F400	Depreciation (SOFA)	13,858				13,858		
		Depreciation (Balance Sheet)		13,858					13,858
		Being difference in depreciation proof in total							
2	L100-2	SOFA - Income			51,012	51,012			
		Creditors					51,012		51,012
		Being UCS understatement of creditors due to pupil exclusions							
3	R300-2	Payroll costs SOFA	26,725				26,725		
		Payroll control		26,725					26,725
		Being difference in payroll proof in total							
			<u>40,583</u>	<u>40,583</u>	<u>51,012</u>	<u>51,012</u>	<u>91,595</u>	<u>-</u>	<u>-</u> <u>91,595</u>
TOTAL UNADJUSTED ERRORS - REPORTABLE					Impact of unadjusted items - reduction to P&L		91,595		- 91,595