

The Milford Academy

Year ended 31 August 2024

Audit Planning Meeting Agenda

Date of meeting: 31 July 2024

Attendees: Joe Turner & Rachel Flynn (The Milford Academy), Vicky Butters & Joanne Travis (SAAF), Julie Stringer & Ali Raynor (PKF Smith Cooper)

Location: Microsoft Teams

Organization structures and systems

- Any significant changes in the entity or environment
- Any new senior management or key staff absences
- Any changes/updates to systems and processes or any significant issues
- Discussion of IT environment relevant to the audit

Trading results, risks and financial reporting

- Results from latest management accounts / budgets
- Results from latest specialist visits/inspections (Ofsted, Health and Safety, Safeguarding)
- Changes to accounting estimates/judgements
- Identification of related parties, including changes from the last reporting period, ESFA approvals sought
- Any changes to banking arrangement
- Key risks impacting on the Academy and how impacting on future plans / going concern (level of reserves)
- Results from internal audit visits
- Remaining covid considerations e.g., impact operationally and financially, government grants.
- Relevant laws and regulations and any non-compliance e.g., Academy Trust Handbook / irregularity matters to note
- Any pending or ongoing litigation
- Any regulatory investigations e.g., ESFA, HMRC
- Initial going concern assessment, are there any events or conditions that could affect the going concern of the Academy

Fraud risk

- How assess, identify any respond to fraud risk
- Any significant pressures on operations / management
- How management communicates to trustees regarding fraud risk systems and processes
- How management communicates views on practices / ethical behaviours to employees
- Suspected, alleged or actual fraud instances
- Security of assets e.g., cyber fraud, theft or loss of physical assets
- Significant deficiencies in control environment

FRC Ethical Standard and safeguards

- Non-audit services

Audit scope & responsibilities

- Communication, information and documents to be provided, agree responsibilities and timings
- Responsibilities of auditor and management (engagement letter)
- Discussion on prior year audit issues and outcome:
 - Opening reserves reconciliation
 - Capital commitment – CCS Media
 - Payroll records – employee numbers
 - Fixed asset register – recording of disposals and updating descriptions
 - Support staff pay award
 - Harpur vs Brazel – expected minimal effect
 - Potential finance lease acquired in FY 23/24 – coffee machine

Timetable	Date
Planning / interim visit	w/c 16 th September
Audit Fieldwork	w/c 14 th October
Finalisation of audit work and statutory accounts	w/c 21 st October
Audit clearance meeting	TBC
Finance / Audit Committee meeting	TBC
Signing of financial statements	TBC
Staff involved	Julie Stringer Ali Raynor Laura Evans Lauren Glossop Hannah Haffenden

Accounts Direction 23/24

The following is an overview of the changes brought in with the new Academies Accounts Direction 23/24:

- A new ‘What an academy trust must do’ section, to help academy trusts understand their obligations.
- The requirement to explain how the board maintains effective oversight, if it meets less than six times a year, has now been removed.
- Updated ESFA feedback to the sector on the outcomes of its assurance work and compliance with the Direction (paragraphs 1.20-1.23) and Annex A.
- Expanded the review of effectiveness of the system of internal control, to include a conclusion on whether the academy trust has an adequate and effective framework for governance, risk management and control. Recommended paragraphs, for consideration by the trust board, have been included (paragraph 2.48).
- Emphasis placed on the importance of providing suitable details of the internal scrutiny procedures carried out and this must be included within the risk and control framework detail. Trusts must state whether the internal auditor/reviewer has delivered their schedule of work as planned, provide details of any significant control issues arising as a result of the internal auditor’s/reviewer’s work and, if relevant, describe what remedial action is being taken to rectify the issues.
- There has been guidance provided on what the accounting officer should consider as part of their statement and the sources of information they can use to form their opinion (paragraph 2.57).
- AAD now specifically states that the AO and CFO should not be the same person (1.18).
- Confirmed 16-19 core education funding should be disclosed in the financial statements within non-GAG DfE/ESFA grants (paragraph 2.98).
- There is no longer a requirement to separate COVID-19 grants within the funding for education activities note and subsequent disclosures within the funds note (paragraph 2.98).
- Clarifications on treatment of certain expenditure:
 - charitable activities – direct staff costs include staff-related insurance (2.103).
 - governance costs include the cost of trustee meetings such as trustee expenses.
 - staff costs note should separately identify ‘other employee benefits’ such as medical care, housing and cars (paragraph 2.134).
- Clarified how an academy trust might determine an appropriate value for the initial recognition of premises occupied under a long leasehold e.g., depreciated replacement cost (paragraph 3.27).
- Further disclosure requirements relating to the treatment of pension assets in particular, why the trust has not recognised the pension asset or give justification for any restriction.
- Confirmed that where a trust becomes inactive, ESFA will be in touch to agree submission.
- Updated the information to be disclosed for agency arrangements, to include cumulative unspent fund balances (paragraph 3.132).

Key deadlines	
Submission audited accounts, audit findings report, accounts submission cover and annual internal scrutiny report to ESFA	31 December 2024
Submission of Academy Accounts Return to ESFA <i>(expected)</i>	30 January 2025
Publish accounts in full on academy trust's website (retain previous 2 years)	31 January 2025
Encouraged that large academy trusts reproduce the “streamlined energy and carbon reporting” disclosures in a suitable format and publish on their website	31 March 2025
File accounts with Companies House	31 May 2025
Also remember to send copy of accounts to all members and every person entitled to receive notice of general meetings.	

Academy Trust Handbook

ATH 2023 handbook changes (applicable from 1 September 2023):

- Clarification on various points including roles and responsibilities.
- Removed the reference to meeting 6 times a year and describing in the financial statement where less than 6. Replaced with reference to meeting “more frequently to discharge their responsibilities”.
- Board must minute approval of the balanced budget.
- Budget forecast return – extended deadline to August from July.
- Management accounts must be considered by the board when they meet (replacing prescriptive 5 times a year) to be assured that there is appropriate oversight.
- Consider conflicts of interest in relation to spending and procurement decisions.
- ESFA approval not required for Electric Vehicle Salary Sacrifice schemes where no liability falls on the trust if the employee does not fulfil their contractual obligations.
- More emphasis on reviews of the risk register which should be reviewed frequently and a full review at least annually.
- Slight tweak to wording for business interest requirement:
 - “financial” rather than “pecuniary” interests (these are similar in meaning)
 - “relevant” not “material” interests
- Refining the related party transaction reporting arrangements:
 - Extended consideration for contracts and agreements that are being renewed, not just commencing.
 - Limit for approval has increased from £20k to £40k.
 - Approval is not required if involves certain educational establishments.
 - The “at cost” principle is assumed to be met for certain educational establishments.

The release of the Academy Trust Handbook 2024 has been delayed as a result of the general election.

Findings from ESFA investigation work:

- Management accounts issues, including not sharing with the Board, not produced at all, timeliness of preparation and key sections missing (for example the cash-flow and / or balance sheet omitted from the information provided to the Board).
- Website and ESFA financial returns deadlines issues, including trusts’ websites not updated in a timely manner, and trusts not meeting the financial statements 31 December submission deadline.
Financial controls issues, including monthly bank and balance sheet reconciliations not being performed, fixed asset registers not being updated.
Trust senior leader issues including, chief financial officers and accounting officers not being in place for a period of time and payments made to consultants to accommodate long-term absenteeism.
- Prior approvals and declarations issues including, prior approval not sought from ESFA before entering into a related party transaction or, where less than £20,000, no disclosure having been made.
- Conflicts of interest issues including, trusts failing to manage conflicts of interest appropriately.
- Rejections including, prior approval sought from the ESFA, however the related party transaction was subsequently rejected.
‘At cost’ policy issues including, the ‘at cost’ requirement had not been adhered to.