



Everychild
Partnership Trust
Key Audit Findings

For the year ended





31 August 2024

Our values



Our values define who we are and how we do things at Kreston Reeves. They reflect our attitudes and behaviours and represent a promise of quality, personal service and commitment to our clients, communities and colleagues.

Collectively and individually we aim to:

 <p>Our purpose</p> <p><i>Our purpose is to guide our clients, our colleagues, and our communities to a brighter future.</i></p>	 <p>Understand</p> <p>Understand a client's broad context Appreciate their particular situation and priorities Listen; ask; be curious</p>	 <p>Look ahead</p> <p>Anticipate a client's future needs Embrace change and think innovatively Help people and organisations adapt to new opportunities</p>
 <p>Make it personal</p> <p>Tailor our solutions and approach to a client's needs Work and communicate in the way you prefer</p>	 <p>Be crystal clear</p> <p>Communicate clearly, with the right language Always keep our clients 'in the loop' Think clearly and act decisively</p>	 <p>Be human</p> <p>Understand our clients as people, including their concerns, priorities and emotions Be friendly and approachable Make a positive impact in helping our clients succeed</p>

Our awards

We are regularly recognised and shortlisted in prestigious national, regional and industry awards. As well as receiving award recognition ourselves, it's important to us to help recognise and award the successes and growth stories of other businesses. We regularly support and sponsor awards such as Kent MegaGrowth and Sussex Top50.





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Key Audit Findings For the year ended 31 August 2024

1. Introduction and audit summary

The purpose of this report is to bring to your attention our findings from the recent audit carried out on Everychild Partnership Trust. We appreciate that you will already be aware of the majority of the matters contained in this report through earlier discussions you will have had with the audit team, but we hope that you will find this report a useful summary of those discussions.

It is a requirement of the Academy Trust Handbook that the audit and risk committee review the auditors findings and the actions taken by leadership teams in response to those findings.

Management letters provide helpful information your board can use to ensure your academy trust is properly governed and managed.

We would like to take this opportunity to thank Ian, Jill and the rest of your accounts team for the assistance they have provided to us during the course of our audit.

Our audit has given us a unique opportunity to understand your activities and processes. We have used this opportunity to provide you a service that is of real positive benefit to you.

During the course of our audit work this year we have performed the following tasks which we hope that you will have found to have been of benefit.

- We have assisted you with the preparation of the academy trust's financial statements and the trustees' annual report, ensuring that they comply with all statutory requirements and with accounting standards, including the Statement of Recommended Practice *Accounting and Reporting by Charities* and the Academies Accounts Direction.
- In order to be able to assist you with the preparation of the Academy Trust's financial statements we have highlighted to you, misstatements in the accounting records discovered by our audit work, and worked with you to ensure that where material these have been corrected. Further information related to misstatements discovered during our audit are set out in Section 7 of this report and supporting Appendices II and III.
- As part of our audit we have reviewed the financial reporting framework under which the Academy Trust prepares its financial statements. As part of this review we have ensured that the Academy Trust is complying with Generally Accepted Accounting Practice, including the Statement of Recommended Practice *Accounting and Reporting by Charities* and the Accounts Direction 2023 to 2024 by the Education and Skills Funding Agency.
- Following completion of the audit we will work with you to ensure that the Academy Trust's Academies Accounts Return (AAR) is completed accurately and filed with the Education and Skills Funding Agency within the required deadline.
- We have advised you of planned changes in legislation that may be of relevance to you in order that you may prepare for their implementation. These are detailed at Section 9 of this report.

Everychild Partnership Trust



Key Audit Findings For the year ended 31 August 2024

- We have reviewed the Academy Trust's systems of accounting and internal control systems and made recommendations where these can be improved. These are detailed at Section 8 of this report.
- We have considered the Academy Trust's governance and compliance with elements of company and charity law, considering the need for suggested improvements. There were no improvements suggested. For further details see Section 9 of this report.
- We have considered whether the Academy Trust's activities could result in any liability to taxation, and advised you accordingly. For further details see Section 6 of this report.
- We have advised you of planned future changes to taxation that are likely to affect the Academy Trust, providing an indication of the likely impact. These changes are detailed at Section 6 of this report.

Should you have any questions regarding any of the issues raised in this report please contact Peter Manser as the partner responsible for the audit of the Academy Trust, or any other member of the audit team, who will be happy to provide further explanations as required.

Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

December 2024



**Key Audit Findings
For the year ended 31 August 2024**

2. Financial Summary

	2024 £'000	2023 £'000
Total income	19,949	19,843
Total expenditure	(13,468)	(8,701)
Net income/expenditure per financial statements	6,481	11,142
Actuarial (losses) / gains on LGPS pension scheme	192	602
Net movement in funds per financial statements	6,673	11,744
Add back (deduct) LGPS pension scheme actuarial losses / (gains)	(192)	(602)
Add back LGPS pension scheme service charges (less ERs contributions)	160	84
Add back (deduct) LGPS pension scheme net interest	(31)	4
Add back depreciation	520	709
Less capital grant income	(218)	(157)
Less donation of TFAs	-	-
Less assets on conversion/joining from another trust	-	(11,798)
Less assets and cash on conversion from local authority	(6,742)	-
Operational surplus (excluding transfers between funds)	170	(16)
Add transfer (to)/from capital funds	-	121
Net movement in unrestricted and restricted income funds	170	105

3. Audit and Assurance reports

Audit of the financial statements

We can confirm that our audit has not revealed any matters which will require modifications to our audit report. Thus, at this stage we expect that an unqualified audit opinion will be issued.

Regularity

In accordance with the Accounts Direction 2023 to 2024 we are required to report to you and the Education and Skills Funding Agency on Regularity.

The nature of this report is one of providing only limited assurance, i.e. to confirm that nothing has come to our attention to suggest that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

We have not undertaken significant specific additional procedures purely for the purposes of our report on Regularity. However, throughout our audit we have been aware of the requirement to issue this report and have included a consideration of Regularity as part of the audit procedures we have performed. In doing so we have not become aware of any material instances of non-compliance with the principles of regularity, and we expect this to form the basis of the conclusion of our report on Regularity.



Key Audit Findings For the year ended 31 August 2024

There is speculation that in future accounting periods a higher level of assurance will be required to be given in respect of Regularity. This will inevitably require additional procedures to be undertaken to comply with this requirement, with cost implications. We will discuss this further with you once the position for future periods is made clear.

4. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of greatest significance in our audit of the financial statements. These include the significant risks of potential material misstatement that we identified during our planning of the audit and had the greatest impact on our overall audit strategy, which we advised you of in the Audit Plan issued to you prior to the commencement of our work.

We can now report to you how our audit addressed these areas of significant risk and the conclusions we formed.

- **Recognition and completeness of income**

Under ISA 240 there is a presumption that revenue recognition is a fraud risk.

Our work in this area included:

- Updating our understanding of the internal control environment in operation for significant income streams and undertaking a walk-through to ensure that the key controls within these systems were operating in the period under review;
- Substantive transactional testing of income recognised in the financial statements, including deferred and accrued income balances recognised at year end;
- This included a review of a sample of grant terms to ensure correct recognition in the financial statements in line with the criteria set out in the Accounts Direction and Charity SORP; and
- A review of post year end receipts to ensure completeness of income recorded in the accounting period.

The results of our substantive testing confirmed the income recognised in the accounts is materially correct.

- **Management override of controls**

Under International Standard on Auditing (UK and Ireland) 240 “The Auditor’s responsibility to consider fraud in an audit of financial statements” (‘ISA 240’), there is a presumed significant risk of management override of the system of internal controls.

We are not responsible for preventing fraud or corruption - the primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity.

They are responsible for establishing a sound system of internal control designed to support the achievement policies, aims and objectives and to manage the risks facing the organisation; this includes the risk of fraud.



Key Audit Findings
For the year ended 31 August 2024

Our audit is designed to provide reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

We considered the potential for the manipulation of financial results through the use of manual journals and estimates to be a significant fraud risk.

Our work in this area included:

- Use of our data analytics tool to identify high, medium and low risk transactions. All high risk transactions have been reviewed for appropriateness as well as a sample of the medium and low risk.
- A review of key estimates, judgements and assumptions within the financial statements for evidence of management bias, and agreement to appropriate supporting documentation.
- An assessment of whether the financial results and accounting records include any significant or unusual transactions where the economic substance is not clear

Our testing did not reveal any instances of management override of the systems therefore the financial statements appear to be free from material misstatement, fraud and error as a result of management override.

• **Related party transactions**

International Standard on Auditing (UK and Ireland) 550 *Related Parties* requires us as auditors to conclude whether:

- there is sufficient audit evidence in respect of related party transactions and arrangements;
- all related parties have been identified to ensure that all material related party transactions and arrangements have been disclosed in the financial statements;
- sufficient appropriate audit evidence has been obtained such that the risk of a material misstatement is reduced to an acceptably low level in respect of related parties; and
- there is a fair presentation of related party transactions and arrangements in the financial statements which is not misleading.

The Trust is required to maintain a register of interests and hospitality for Trustees, Local Governing Boards, the Accounting Officer and the Senior Leadership Team.

We reviewed the systems of control around related party relationships and transactions which includes maintaining a register of business interests and cross checking the companies listed to supplier lists.

We considered if the disclosures in the financial statements concerning related party transactions are complete and adequate and in line with the requirements of Charities SORP (FRS 102) and Academy Trust Handbook 2023.

We reviewed the declaration of interest forms and register of interest for all Trustees and Key Management Personnel.



Key Audit Findings For the year ended 31 August 2024

We inspected the following for indications of the existence of related party relationships or transactions that management has not previously identified:

- Bank and legal confirmations obtained as part of our audit procedures;
- Minutes of meetings of those charged with governance

Below is the related party transactions as seen in the financial statements:

L Morton, sister of E Morton, a trustee, is employed by the academy trust as a teacher. L Morton's appointment was made in open competition and E Morton was not a trustee at the point of recruitment. L Morton is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.

J Dabell, mother of J Dabell, a headteacher, is employed by the academy trust as a Teaching Assistant. Both appointments were made prior to Partners In Learning Trust merging with Everychild Trust in the prior year. J Dabell is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a member of Key Management Personnel.

M Brooks, daughter of P Brooks, a trustee, is employed by the academy trust as a Finance/Operations Assistant. M Brooks' appointment was made in open competition and P Brooks was not a trustee at the point of recruitment. M Brooks is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.

During the prior year, KJ Premises Services conducted work for the Academy Trust. The company is owned by Mr K Russell, the spouse of Mrs A Russell, a former member of Key Management Personnel and CFO until October 2024. The total cost to the Academy Trust for this work was £2,900. There is no relevant cost in the current year.

During the prior year, Gryffindor Carpet Cleaner Ltd conducted work for the Academy Trust. The company is owned by Mr D Russell, the brother-in-law of Mrs A Russell, a former member of Key Management Personnel and CFO until October 2024. The total cost to the Academy Trust for this work was £630. There is no relevant cost in the current year.

These transactions were conducted on normal commercial terms, at arm's length without exercise of any influence by the related parties involved.

- **Accounting estimates**

Risk of material misstatement due to incorrect recording of the defined benefit pension scheme deficit (LGPS) and Trust's land and buildings which are significant balances on the balance sheet.

Our work in this area included:

- The reports prepared by the defined benefit pension scheme Actuary were obtained.



Key Audit Findings For the year ended 31 August 2024

- We have reviewed the treatment of the liabilities arising and the disclosures in the Financial Statements with no issues arising.
- We have reviewed the assumptions used by the actuary in calculating the pension scheme deficit.
- The trust's property valuations prepared by appropriately qualified experts were obtained
- We have reviewed the valuation basis used by the expert in valuing the trust's properties

Consideration was given to all such material estimates. Accounting estimates were found to be reasonable and in line with our expectations.

● **Regularity and compliance with managing public money**

An additional report is included in the financial statements for the regularity of transactions in the year.

We have completed our work in respect of our regularity report which included testing a sample of expenditure to supporting documentation and ensuring that the appropriate procedures have been followed and documented. We also reviewed your governance arrangements to ensure compliance with those listed in the Academy Trust Handbook and Accounts Direction.

A sample of expenditure transactions, across the schools in the Academy Trust, were tested in the course of the audit. Each of the transactions tested were found to be in a compliance with the delegated limits in the Academy Trust's Financial Regulations Policy and the public money received was spent for the purposes intended.

● **Consideration of laws and regulations and other information**

ISAs 250A and 720 require auditors to have due consideration of laws and regulations and other information in the financial statements, this includes the impact of any "showstoppers".

Our work in this area included:

- Consideration of the latest Ofsted inspection reports and their impact on the trust's going concern status
- Reviews of Trust Board and relevant Committee minutes for evidence of any issues of non-compliance
- A review of legal and professional fees incurred in the year to check for any non-compliance
- Consideration of compliance with the Academy Trust Handbook 2023. Trust's funding agreement and its governing documents
- Discussions with management and the Trust Board to ascertain if any actual or possible instance of non-compliance

An additional report is included in the financial statements for the regularity of transactions in the year.



Key Audit Findings
For the year ended 31 August 2024

We have completed our work in respect of our regularity report which included testing a sample of expenditure to supporting documentation and ensuring that the appropriate procedures have been followed and documented. We also reviewed your governance arrangements to ensure compliance with those listed in the Academy Trust Handbook and Accounts Direction.

During the audit, Kreston Reeves considered the existence, along with potential impact, of any showstoppers. Audit staff ensured the Academy Trust's compliance with its Funding Agreement, along with the Academies Trust Handbook through the audit testing, no breaches of key legal or regulatory obligations have been identified.

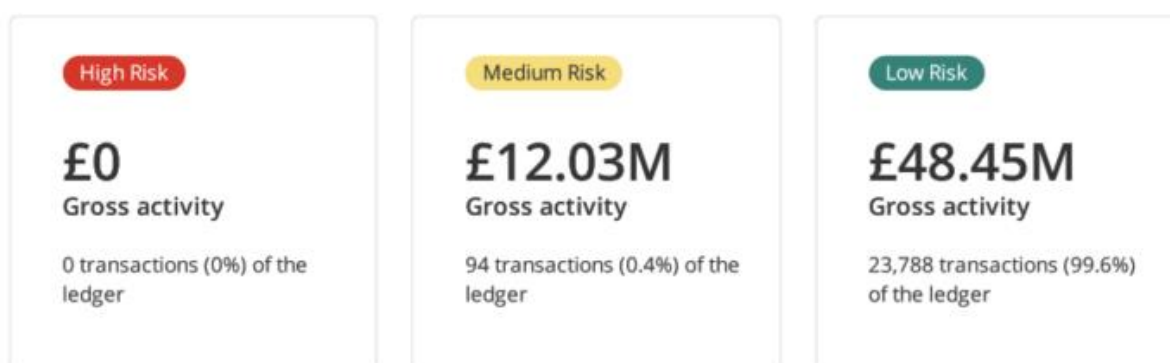
As well as this, we have considered the internal scrutiny report provided from EduFin. From this, we have noted that there are a number of significant issues raised, mainly within the wages area. We have identified that these are in progress, and have therefore deemed no further action. We do, however, want to highlight the importance of these points to the trustees to be followed up.

5. Data analytics

As previously communicated, we have used data analytics software to support our audit. Data analytics compliments our traditional audit methodology with a comprehensive, risk risk-based approach which through the power of computer assisted techniques examines 100% of the data population.

This risk-based approach is driven by a number of control points and it is the weighting of these control points that determines the assessed risk of a transaction. As detailed in our Audit Plan, this is an area where management can have valuable input to identify potentially high-risk transactions. We have used our knowledge of the academy trust and the data analytics software to tailor the control points which has produced the following risk-based analysis.

Overview

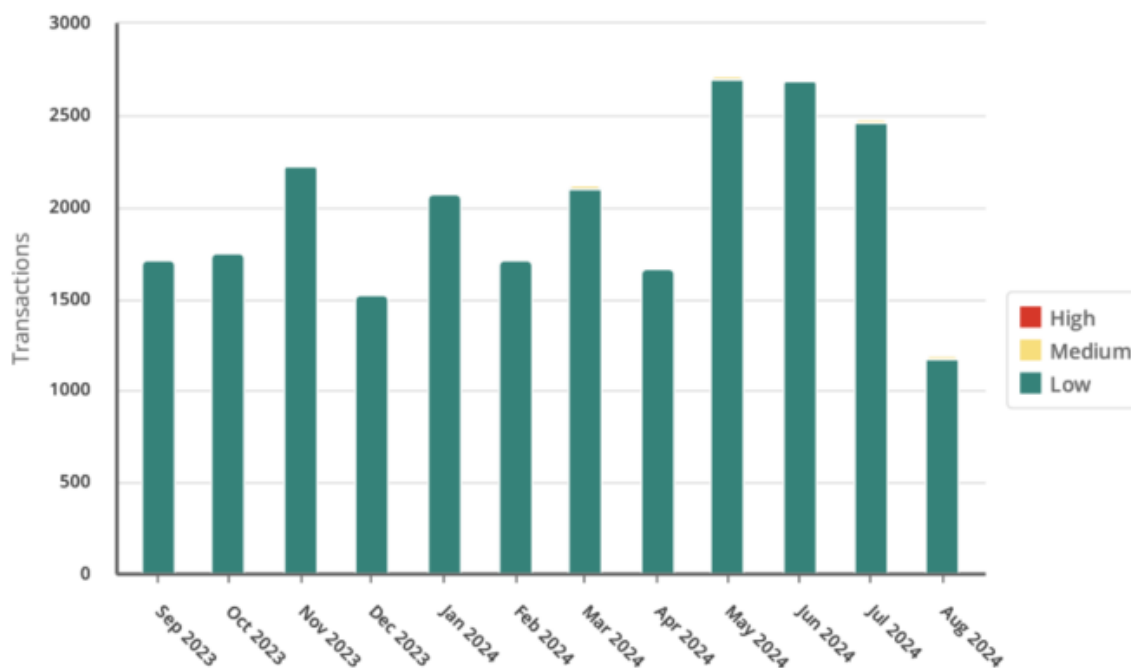


As seen above, after running the MindBridge analysis, no transactions were deemed to be high risk. Only 94 transactions were deemed to be within the medium risk category, this equates to £12.03m in gross activity, only making up 0.4% of the total general ledger. The category with the most transactions selected is the low-risk section, with £45.45m in activity which is made up by 23,788 transactions; making it substantially bigger than the medium risk area.

**Key Audit Findings
For the year ended 31 August 2024**

Transaction review

Transaction risk over time (high/medium/low)



The above graph shows the transactions spread throughout the year, there are so little medium risk in comparison to low, that they cannot be identified on the bar chart. In terms of overall posting, the highest number of transactions can be seen to occur in both May and June, with the lowest amount appearing in August.

As seen no transactions were determined to be high risk, therefore Kreston Reeves have conducted our own review, selecting control points we deem to be high risk areas, the points we selected were:

- Journals with material value
- Journals at the end of the period
- Journals containing high risk words

We selected a sample from each category, with the sample size being judgemental based on the total population for that risk.

In total we tested 21 journals, with 6 being take from the key word population, 10 from all material journals, and 5 from all journals posted in the last month of the financial year. Kreston Reeves reviewed these journals and have deemed them to not be indicative of management override. These journals related to expected transactions such as payroll runs and BACs runs.

Summary

Overall, we do not believe there to be any signs of management override within the general ledger. Kreston Reeves also performed a completeness check over the data input to the analytics software, and can confirm it is complete.



**Key Audit Findings
For the year ended 31 August 2024**

6. Taxation

As part of our audit we have considered the academy trust's exposure to taxation based upon the activities it undertakes and its various sources of income. We have concluded that the academy trust has no corporation tax liability for the year.

For more information on how these changes may impact upon the company please contact your usual Kreston Reeves adviser.

7. Misstatements encountered during the audit

We are required to inform you of any significant misstatements within the financial statements presented for audit that have been discovered during the course of our audit. A number of such misstatements were discovered and following discussions with you and your staff the financial statements have been adjusted accordingly.

Significant misstatements discovered and adjusted for include the following:

- Depreciation journal for transferred assets
- LGPS adjustments
- Pupil premium error
- Burstow conversion

A full summary of adjustments made to the academy trust's results during the course of the audit, including a reconciliation between your management information and the financial statements, can be found within Appendix II.

You should review these adjustments in order to satisfy yourselves that they have been properly made. Confirmation that you have done so should be communicated to us within the letter of representation.

In addition, there were no significant unadjusted misstatements were discovered during the course of our audit.

8. The accounting and internal control systems

We can confirm that we have found the academy trust's accounting and internal control systems to be appropriate to the academy trust's needs based upon the nature and complexity of your activities and the need for any systems to be cost effective. No matters have come to our attention during our audit to suggest that any serious error has arisen with these systems during the accounting period under review. Thus, we believe that the systems can be relied upon to produce financial statements that show a true and fair view.

There are however a number of suggestions that we have made regarding the accounting and internal control systems, and these are set out in Appendix IV.



Key Audit Findings For the year ended 31 August 2024

Please note that the purpose of the audit was to enable us to express an opinion on the financial statements. Our audit did include consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in such circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. The matters being reported to you are limited to those deficiencies that we have identified during our audit, which was conducted on a test basis, and that we have concluded are of sufficient importance to merit being reported to you, but this does not represent a comprehensive statement of all weaknesses which may exist in the accounting and internal control systems or of all improvements which may be made. We can only address those matters which have come to our attention as a result of the audit procedures which we have performed.

9. Qualitative aspects of the academy trust's accounting practices and financial reporting

As part of our audit we have considered and reviewed the academy trust's accounting policies with UK Generally Accepted Accounting Practice, including the Statement of Recommended Practice *Accounting and Reporting by Charities* ("the SORP") and the Accounts Direction 2023 to 2024 issued by the Education and Skills Funding Agency. We have not encountered any material departures. In our opinion the accounting policies are appropriate to the circumstances of the academy trust.

Future accounting changes

FRS 102 is subject to a periodic review at least every five years, and the latest periodic review was completed in March 2024. The FRC has published amendments to FRS 102, which details a number of changes and amendments focused on updating accounting requirements to reflect changes in International Financial Reporting Standards ('IFRS'), particularly with respect to revenue and leases.

The key changes are:

- A new Section 23 *Revenue*, based on IFRS 15 *Revenue from Contracts with Customers* and its five-step model for revenue recognition
- A new Section 20 *Leases*, based on IFRS 16 *Leases* which brings most leases onto the balance sheet
- Greater clarity for small entities in the UK applying Section 1A regarding which disclosures need to be provided in order to give a true and fair view

The effective date of these changes is for accounting periods beginning on or after 1 January 2026, with early adoption permissible.

These amendments represent significant change, and they will need to be considered in advance of their application. We will be happy to discuss with you, the potential impact on your financial statements.



Key Audit Findings For the year ended 31 August 2024

Large Trust Reporting

The entity has met the criteria as a large company for the year ended 31 August 2024. Should the criteria also be met in the following period, the entity will be classified as a large trust as of 1 September 2024.

Large academy trusts must comply with the following additional narrative reporting requirements going forward:

- The trustees' report will need to include a statement as to how the trustees have complied with their legal duty as set out in section 172(1) of the Companies Act 2006 to promote the success of the academy trust for the benefit of its members as a whole, whilst having regard to other key stakeholders and the likely long-term consequences of any decision made. This statement will also need to be made available on your website.
- If you have more than 250 employees your trustees' report will also need to include a statement summarising how the board has engaged with employees and taken account of their interests.
- Similarly, the trustees' report will also need a statement summarising how the board has engaged with suppliers, customers and others in a business relationship with the academy trust.

In addition, large academy trusts must comply with environmental reporting regulations,, which require the trustees' report to disclose the following:

- The academy trust's carbon dioxide emissions arising from its usage of gas, electricity and transport;
- The amount of energy consumed from its usage of gas, electricity and transport;
- An 'intensity ratio' which expresses the academy trust's annual emissions in relation to a quantifiable factor associated with the company's activities;
- The methodology used to calculate the academy trust's energy usage and carbon dioxide emissions; and
- Any measures undertaken during the year to increase the academy trust's energy efficiency.

This disclosure is not required to be disclosed if it is not practical for the academy trust to obtain the information in question, but if this is the case the trustees' report must state what information is not included and why.

Academy trusts that consume 40,000kWh of energy or less in the UK are not required to include these disclosures provided that the trustees' report states the reason why this information has not been disclosed. Similarly, disclosure is not required when the trustees consider that doing so would be seriously prejudicial to the interests of the trust, and this is stated in the trustees' report.

The ESFA has published guidance on how to approach these new disclosure requirements which is available online at the following address:

<https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/streamlined-energy-and-carbon-reporting>



**Key Audit Findings
For the year ended 31 August 2024**

As these reporting requirements only affect those trusts which are deemed large it is important that trusts monitor their company size regularly.

10. Review of prior year issues

A number of issues were reported to you following our audit last year on your financial statements for the year ended 31 August 2023. As part of our audit this year we have reviewed these matters to determine what progress has been made with them and whether they continue to be matters of significance.

	Nature of problem	2024 Audit Comments	Resolved/Progress made/Outstanding
High Risk	1. The purchase of one instance of alcohol, being one bottle of gin for £20, was found during our audit work during the general ledger review.	This was an isolated incident on a credit card purchase by a Headteacher whom intended to use a personal credit card. Therefore this was a genuine isolated mistake. Steps have been taken to ensure credit cards remain on site in a locked secure safe and are only to be used for Trust transactions.	Resolved
	2. In line with the previous auditors' recommendations of Partner in Learning Trust, we were also unable to be provided bank statements from Santander, for the School Fund Deposit Account. The account has no online banking facility and no physical statements have been received.	The Trust is in the process of closing the accounts but due to circumstances outside of our control this is taking a significant amount of time due to delays with the two banks. This is still continuing to be our priority to close these accounts and we monitor the progress regularly.	Progress made



Key Audit Findings
For the year ended 31 August 2024

Low Risk	<p>1. It was noted that fixed the asset register had some assets with a negative net book value, highlighted instances of over depreciation, as well as some assets that had not been depreciated enough due to issues with the formula driven fixed asset register calculations. As well as this, we have seen that the capitalisation and depreciation of assets were adjusted only at the end of the year as opposed to on an ongoing basis.</p>	<p>We have reviewed the fixed asset registers and completed the recommendation.</p>	Resolved
	<p>2. The register of interests per the Everychild Partnership Trust website was as of September 2022 until 6th October 2023. This is required to be up to date as per the Academy Trust Handbook.</p>	<p>This has been updated.</p>	Resolved
	<p>3. From review of the Land Registry, we have seen that the three schools newly added to the trust, have not been updated to reflect the new ownership of Everychild Partnership Trust.</p>	<p>This has been actioned but takes time to be reflected at Land Registry.</p>	Progress made
	<p>4. The bank mandate is currently outdated, with a former trustee and CEO, not being removed from the bank mandate yet.</p>	<p>This has been actioned and in progress with the bank. We continue to monitor the progress.</p>	Progress made

11. Other matters relevant to the audit

Academy Trust Handbook 2024

The ESFA published the Academy Trust Handbook (ATH) 2024 in August 2024. The 2024 edition of the ATH is effective from 1 September 2024.



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In a letter to accounting officers on 31 July 2024, the ESFA explained that changes in this year's edition have deliberately been limited to offer a period of greater stability.

However, there are a number of areas of change to draw to your attention:

- Finance Leases – approval requirements
- Internal scrutiny – options clarified for larger trusts and qualifications for trustees and peer reviewers
- Electric Vehicle Salary Sacrifice (EVSS) Schemes – clarifying the position around when trusts must approach the ESFA
- Digital and technology standards – a reminder of importance and actions required for cyber security
- Estates management – Extension of list of circumstances in which a notice to improve may be issued
- Reserves policy – emphasis on a clear plan for managing reserves

Finance Leases

From 1 September 2024 Trusts will be able to take out finance leases, without approaching the ESFA for prior approval, where the asset type they are leasing appears on the Department for Education's (DfE's) [approved list](#). The ESFA have explained the importance for Trusts to have appropriate flexibility to manage spending decisions locally, and this new freedom should help Trusts manage their assets effectively

Internal scrutiny

The ESFA are clear that Trusts **must** deliver internal scrutiny in the way that is most appropriate for their circumstances.

The key change here is that Trusts with an annual revenue income over £50 million **should** (and from 1 September 2025 **must**) deliver internal scrutiny using any combination of the following:

- an in-house internal auditor
- a bought-in internal audit service

Additionally, the ESFA have clarified the qualifications and experience required by those carrying the programme of internal scrutiny:

- auditors should be members of a relevant professional body
- trustees and peer reviewers performing the work should have appropriate qualifications and/or experience relevant to the area being reviewed.

Trusts **should** work towards this position where it is not already the case.

Electric Vehicle Salary Sacrifice (EVSS) Schemes

From the 1 September 2024 Trusts **must** approach the ESFA to seek approval for the following transactions:

- entering into a new electric vehicle salary sacrifice scheme 26



Key Audit Findings For the year ended 31 August 2024

- accepting any further employees onto an existing electric vehicle salary sacrifice scheme.

Trusts **must** contact ESFA early in the planning stage, both in relation to new schemes and accepting further employees onto existing schemes.

Digital and technology standards

A reminder from the ESFA that Trusts **should** refer to the DfE's digital and technology standards, which were developed to support trusts in making more informed decisions about technology

Academy trusts **must** also be aware of the risk of cybercrime, put in place proportionate controls and take appropriate action where a cyber security incident has occurred. Trusts should take appropriate action to meet [DfE's cyber security standards](#), which were developed to help them improve their resilience against cyber-attacks.

Estates Management

Where DfE or ESFA has concerns about financial management or governance in an academy trust, the department may issue, and publish, a Notice to Improve (Ntl).

This has now been expanded to include where trustees and the executive failing to manage their school estate and maintain it in a safe working condition strategically and effectively.

Reserves policy

A further emphasis from the ESFA that the board of trustees **must** set a policy for holding reserves, and explain it in its annual report, including a clear plan for managing reserves. The ESFA have provided good practice guide for Academy Trust Reserves [here](#).

What does a Labour Government mean for Academy Trusts

At this stage, much of the detail of its legislative agenda has yet to be published – we can expect a series of consultations before legislation follows – Academy Trusts should take note of the Government's manifesto pledges and scenario plan accordingly.

Inspection of MATs

The Labour Party has promised in its manifesto to “bring multi-academy trusts into the inspection system”. No further detail has been provided, and it did not appear in the Kings' Speech. It is something long advocated by OFSTED with its previous chief inspector saying inspection is “inevitable”.

OFSTED has previously done summary evaluations of trusts, inspecting groups of schools, but has not inspected back-office functions of the trusts directly.

Whilst it is impossible to put a timeframe on any changes to inspections, it should be on MATs radars.



Key Audit Findings For the year ended 31 August 2024

VAT added to independent school fees

Whilst there is no direct impact anticipated for Academy Trusts, there could be a drop off in pupils attending independent schools especially at the key entry points of years 3 and 7. Trusts may see an increase in new pupil applications.

The Department for Education has released data on schools, pupils and their characteristics to assist with scenario planning in this area. This can be accessed [here](#). Trusts are able to filter the data by local area to review any potential shifts in demand and consider their capacity.

Another consideration could be that smaller independent schools may look for the support from larger multi academy trusts to take advantage of benefits such as economies of scale. One of the largest multi academy Trust's in the country, United Learning Trust, is a part of a group of schools including 13 independent schools.

Qualification of teachers

The promise is to ensure any new teacher entering the classroom "has, or is working towards", qualified teacher status. Trusts may want to review their existing staffing structures to gauge how much impact this could have and consider the impacts on future staff costs as a result.

Ofsted reforms

Promised within the manifesto regarding Ofsted was a change in a single grade to a report card system. Reported in Schools week is what the school cards could look like and what the metrics could include.

The details of these changes are yet to be released, however trust's should be aware of these potential changes.

Further changes that we can expect include:

- National curriculum. The Labour Party has long been committed to making all schools – including Academy Trusts and free schools – follow the national curriculum. Whilst not addressed in the Kings' Speech, it was a manifesto promise and can be expected at some point.
- Breakfast clubs. Again, a Labour manifesto promise to provide free breakfast clubs in every primary school.
- Branded school uniforms. The Labour government has promised to cap the number of branded school uniform items to just three.

These are just a few potential changes that may impact Academy Trusts. The key message is to consider potential impacts and stay alert for any further detail as it becomes available.



Key Audit Findings For the year ended 31 August 2024

Cyber security

The DfE has warned that schools are 'critically dependent on technology and online services to function'. It added ransomware is the biggest cyber-related threat to our society, with an increase of attacks on schools in recent years.

The department for Science, Innovation and Technology (DSIT) ran a cyber security breaches survey in 2024 focussing on education institutions. Alarmingly it noted that 71% of secondary schools identified a breach or an attack within the last year with the same being true for 52% of primary schools.

It noted that Primary and secondary schools have less awareness this year of government guidance like the National Cyber Security Centre's (NCSC) 10 Steps to Cyber Security and Board Toolkit, certification schemes like Cyber Essentials, and communications campaigns like Cyber Aware. Awareness of these initiatives is much more widespread in further education colleges and higher education institutions.

Further details can be found [here](#) on the full survey.

NCSC published guidance includes the following steps:

- patching systems
- improving access controls and enabling multi-factor authentication
- implementing an effective incident response plan
- checking that backup and restore mechanisms are working
- ensuring that online defences are working as expected
- keeping up to date with the latest threat and mitigation information

They also have produced free cyber security training to raise awareness and help school staff manage some of the key cyber threats facing schools which you can find [here](#)

Organisations are strongly urged to read:

- the Cybersecurity & Infrastructure Security Agency (CISA) advisory note
- Microsoft's blog on recently deployed malware in the Ukrainian government cyber attacks
- NCSC's actions to take when the cyber threat is heightened

As cybercrime continues to rise with attacks becoming more sophisticated, we recommend that academy trusts keep up to date with current types of cyber-attack by reading all guidance in this area and considering the advice and tips offered.



**Key Audit Findings
For the year ended 31 August 2024**

Appendix I – Other matters required by International Standards on Auditing to be communicated to you

Audit report – further information

Our audit report contains details of the scope of the audit of the financial statements conducted in accordance with legislative requirements and International Standards on Auditing. Further information on the scope of the audit is set out on the website of the Financial Reporting Council and can be found using the following link:

<https://www.frc.org.uk/Our-Work/Audit-and-Actuarial-Regulation/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>

The original audit report will be signed by Peter Manser, being the Senior Statutory Auditor for this assignment, for and on behalf of Kreston Reeves LLP. The financial statements incorporating the original audit report should be retained with the academy trust's other permanent documents. Copies of the financial statements that require a signed audit report, including for filing with Companies House and the Education and Skills Funding Agency, will be signed as Kreston Reeves LLP as the statutory auditor.

Our audit report has been drafted in accordance with International Standards on Auditing and the latest guidance from the Financial Reporting Council and our Institute. This involves the inclusion of a paragraph which clarifies what our responsibilities as auditors are. It does not affect our responsibilities to the academy trust or yourselves, nor does it mean we would be unwilling to accept responsibility to any third parties, providing that our specific agreement to do so is obtained beforehand.

Independence

We can confirm that we have re-evaluated our firm's independence in connection with the audit and can confirm that we are not aware of any factors affecting our independence or objectivity and thus our ability to continue to act as auditor of the academy trust.

Letters of representation

Before we can complete our audit we require from you a letter of representation on your headed notepaper. A draft version of such a letter accompanies this Memorandum. The letter will provide us with additional evidence in areas where we have relied upon representations from staff members during the audit. We suggest that this letter is signed by a representative member of the Board of Trustees and that you make your own enquiries of staff to verify that you support the representations that have been made.

In addition, we also require a letter of representation from the Principal of the academy trust in their role as Accounting Officer in support of our report on Regularity. Again, a draft of this letter accompanies this Memorandum and we would suggest that they undertake whatever enquiries and procedures they consider necessary to be able to make these representations to us.

Everychild Partnership Trust

Key Audit Findings For the year ended 31 August 2024



Liability

This report has been drafted solely to report to you as trustees matters in relation to our audit. It has not been drafted with any third parties in mind and thus must not be disclosed to a third party, or quoted or referred to, without our written consent except where you are required to do so by statute. We do not accept responsibility to any third party in respect of our audit, the audit and assurance reports we have issued, or this report.



**Key Audit Findings
For the year ended 31 August 2024**

Appendix II - Summary of adjusted misstatements

	Debit £	Credit £	Impact on results £
Net movement in funds as per accounts presented for audit			(71,056)
BAL7020 IT Equipment Depreciation	682		
BLA7020 IT Equipment Depreciation	1,638		
HAL7020 IT Equipment Depreciation	1,008		
KRBAL90 IT Equipment dep'n charge		682	
KRBLA90 IT Equipment dep'n charge		1,638	
KRHAL90 IT Equipment dep'n charge		1,008	
Client adjustment - depreciation correction			(3,328)
BUR1050 Pupil Premium	49,950		
BUR9315 Accrued Income		49,950	
Correct pupil premium error			(49,950)
MAT5155 Bank Charges	1		
MAT9800 Restricted Funds - GAG	91,227		
MAT9840 Restricted Funds - Fixed Asset		91,228	
Fund B/fwd agreed to 2023 signed accounts			(1)
MAT8125 Donations & Gift Assets		6,734,780	
KRMAT9001 Land and Buildings Transferred Cost	6,606,782		
KRMAT9001 Land and Buildings Transferred Acc'um Dep'r		7,002	
KRMAT9022 Furniture & Equipment - Transferred Cost	135,000		
Post Burstow Conversion			6,734,780
KR10 0 Interest costs P&L	331,000		
KR12 0 Interest costs b/s		331,000	
KR12 0 Interest costs b/s	362,000		
KR13 0 Current service costs P&L	483,000		
KR14 0 Current service costs b/s		483,000	
KR15 0 Employer contributions b/s	483,000		
KR16 0 Employer contributions p/l		483,000	
KR17 0 Return on assets b/s	490,000		
KR18 0 Actuarial gain/loss b/s	206,000		
KR23 0 Return on plan assets OCI		490,000	
KR24 0 Actuarial gain/loss OCI		206,000	
KR31 0 Experience loss/(gain) on defined benefit obligati		229,000	
KR34 0 Benefit changes, gain/(loss) on curtailment and ga		362,000	
KR36 0 Experience loss/(gain) on defined benefit obligati	229,000		
KR42 0 Effect of business combinations and disposals		198,000	
KR43 0 Inherited pension	198,000		
LGPS Adjustment			(167,000)
Final movement in funds as per accounts			6,443,445

For further details of the significant adjustments that have been made to the financial statements during the audit see Section 7.

Everychild Partnership Trust



Key Audit Findings For the year ended 31 August 2024

Appendix III - Summary of unadjusted misstatements

	Debit £	Credit £	Impact on results £
Misstatements that are errors of fact			6,443,445
BUR9555 Other payroll Deductions & Control Donations & Gifted Assets	61,242.00	61,242.00	
<i>Correcting Burstow April 2024 Payroll Payment Posting</i>			(61,242)

For greater details of the significant unadjusted misstatements discovered during the audit see Section 7.

We would request that you review these misstatements and consider amending the financial statements accordingly. If you decide not to amend the financial statements, then your reasons for doing so should be communicated to us within the letter of representation.

**Key Audit Findings
For the year ended 31 August 2024**

Appendix IV – Summary of recommendations regarding the accounting and internal control system

In order to assist management in using this report, we categorise our recommendations according to their level of importance:

High risk Issues where there is a risk of significant financial impact on the trust that must be addressed immediately by the academy trust

Medium risk Issues where there is a risk of moderate financial impact on the trust, such as a control failure or the absence of a control in an area of moderate risk. These should be addressed soon.

Low risk Issues that relate to minor control deficiencies or enhancements in control efficiency. These should be addressed within an agreed timescale.

Bank Statement – Halsford Park

Nature of problem

In line with the prior year recommendation, we were unable to be provided with statements from Santander for the School Fund Deposit Account. The account has no online banking facility and no physical statements have been received. We understand the trust has taken the relevant steps to close this account, and that there have been factors out of their control which have slowed this process.

Potential consequences

Not having access to all open bank accounts restricts our ability to gather all relevant information required to complete the audit.

Recommendation for corrective action

Ensure all open bank accounts are readily available and accessible.

Response from Board of Trustees

Ongoing – this has now been taken to Santander complaints department and Financial Ombudsman

**Key Audit Findings
For the year ended 31 August 2024**

Trip Income – All Schools

Nature of problem

Income relating to trips are only being recognised for cash that has been received. Cash relating to future periods are being deferred, but there is no accrual for income where cash has not been received.

Potential consequences

This has resulted in FY24 showing trip income that relates to FY23 due to no prior year accrual, as well as trip income missing from FY24 due to no current year accrual. This results in a misstatement within trip income.

Recommendation for corrective action

We recommend accrued income to be held for the income that relates to trips where cash has not yet been received. We then recommend this is regularly reconciled to ensure accurate.

Response from Board of Trustees

In future years this will be addressed

Land Registry – Outdated proprietor

Nature of problem

The proprietor on a number of leases are out of date, stating the previous proprietor which they previously belonged to. This is for Halsford Park, Baldwins Hill, Blackwell and Burstow

Potential consequences

This being out of date means it is not clear as to the correct ownership of the land and buildings.

Recommendation for corrective action

We advise that this is updated at Land Registry.

Response from Board of Trustees

Our solicitors are working on this with land registry
JA to check with legal that this is in progress

**Key Audit Findings
For the year ended 31 August 2024**

Number of members

Nature of problem

Per the Academy Trust Handbook 2023 it is strongly recommended that there are 5 members in place within a multi academy trust. After recent resignations there are only 4 members.

Potential consequences

Whilst this is not a breach of the Academy Trust Handbook, it is recommended to ensure the Trust ensures best practice governance, The Handbook states the following:

“1.3 The academy trust must have at least three members but should have five or more.”

Recommendation for corrective action

We recommend that the Trust reviews this situation and appoints an additional 3 members if it is deemed necessary.

Response from Board of Trustees

Although at the start of the academic year and reporting period there were 4 members, this was addressed and by December there were 5 members

GIAS and Companies House not matching

Nature of problem

It has been noted that Judith Constable, a trustee, has a departure date of 31 August 2024 per GIAS, although 12 July 2024 per Companies House.

Potential consequences

We recommend that GIAS and Companies House are ensured to be completed accurately for resignation and appointment dates and are consistent.

Recommendation for corrective action

We recommend that the information across both are accurate and up to date.

Response from Board of Trustees

This has now been rectified and GIAS and Companies House now align



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