The Romero Catholic Academy

Year Ended 31 August 2021

Audit Management Letter

Prepared by

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Internal controls issues

The academy company's management is responsible for the identification, assessment, management and monitoring of risk, for developing, operating and monitoring the system of internal control and for providing assurance to the Board that it has done so.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to the academy company.

In consequence, our work cannot be relied upon necessarily to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might develop.

We would be pleased to discuss any further work in this regard with the Board.

Our testing to date has identified the following significant control weaknesses which we consider should be brought to the Board's attention.

We have a system of grading our control weaknesses. Each weakness is graded based on the potential risk level to the academy company: -

High	The academy company is subject to levels of fundamental risk or inefficiency where immediate action should be taken to implement an agreed action plan;
Medium	Attention should be given to resolving the position as the academy company may be subject to significant risks or inefficiency;
Low	Desirable improvements could be made to improve the control framework or strengthen the ability to mitigate against risks and improve efficiency;
Best Practice	Point brought to the attention of management as best practice only and the issue raised does not impact on the overall control environment.

Current Year Points

Risk Rating	Entity	Weakness	Risk	Recommendation	Management Response
Low	SST	**Fixed asset retentions** In testing of fixed asset additions it was identified that a number of items had been capitalised at a value less that of retention (with this amount not being accrued). However, we note the amounts concerned are of a trivial nature.	Risk that the value capitalised does not accurately reflect the full cost of the asset, resulting in misstatement of depreciation charged and asset NBV.	Ensure that retentions for fixed assets are accounted for, and accrued where necessary, alongside the capitalisation of the original asset.	4 separate projects were identified during testing, of these 1 had already been paid in year and capitalised. 1 is an ongoing project and therefore CFO would argue retention should not be capitalised/accrued at y/e. The retention not accrued amounts to £3k (immaterial).CFO takes on board that the retention on projects close to completion should be accrued at y/e going forward

Low	**CC, SPP**	**Posting of purchase invoices** In 2 instances it was noted that an invoice had not been posted (or backdated) to Xero at the date stated on the invoice.	Risk that expenditure cut-off issues arise, leading to misstatement.	Ensure that all invoices are posted (or backdated) in Xero in line with the date stated on the invoice.	CFO acknowledges there was a delay processing these 2 invoices from Corpus Christi and has reminded school office staff to ensure invoices are passed to SST Finance on a timely basis. (The vast majority of invoices are sent directly to SST from suppliers)

Previous Year Points

Risk Rating	Entity	Weakness	Risk	Recommendation	Current Year Update	Cleared?
Low	CW, SG	**Capitalisation of Fixed Assets** During our review of repairs and maintenance nominals, items which have been incorrectly expensed were identified. These trivial value items should have been capitalised in the accounts according to the Trust's policy.	Risk that capital items are being expensed instead of capitalised.	Going forward, we recommend that recharged capital expenditure and capital expenditure shared between schools is fully capitalised.	No instances of this noted in the current year.	✓
Low	SG	**Bad debts** Bad debts in respect of student Chromebook loans totalling £9,864 were written off in the year without approval from CC1.	There is a risk that the multi-academy company is in breach of its scheme of delegation.	We recommend adhering to the scheme of delegation in that bad debt write-offs > £5,000 are formally approved by Core Committee 1.	Student Chromebook loans of £1,133 were written off during year, requiring approval from the CFO only.	✓

Best Practice	**MAT**	**Undisclosed Related Party Transactions to ESFA** The amount relating to one related party supplier has been under-disclosed to the ESFA (by £220). Additionally, another related party transaction has not been notified to the ESFA (£41.65).	Risk of non-compliance with the Academy 'musts', and that parties may be benefitting from related party transactions.	Ensure accurate disclosure of all related party transactions to the ESFA.	No instances of this noted in the current year.	✓