



**The Liverpool Blue Coat School**  
**Audit Findings Report for the year ended 31<sup>st</sup> August 2020**

**Presented on 9<sup>th</sup> December 2020**



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This Report has been prepared solely for the confidential use of The Liverpool Blue Coat School and is strictly confidential. Its purpose is to explain the scope of the audit, the audit approach, and to highlight the key risks that the audit work has been focused upon. The Report forms part of the ongoing communications required under International Standard on Auditing (UK and Ireland) 260 - Communication of audit matters with those charged with governance. As such, the report may not, without the written consent of Langtons, be relied upon by The Liverpool Blue Coat School for any other purpose whatsoever. No responsibility or liability is accepted and any and all responsibility and liability is expressly disclaimed by Langtons or any of their respective directors, partners, officers, affiliates, employees, advisers or agents for any errors, misstatements, misrepresentations in, or omissions from the Information or any other document or information.

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## 1. Introduction

### Reconciliation to Final Accounts

Langtons have been appointed to undertake both the audit of the financial statements and the regularity assurance engagement of The Liverpool Blue Coat School for the year ended 31 August 2020.

The audit approach set out to deliver an independent and critical examination of the financial statements as well as to give assurances on regularity.

The purpose of this report is to present our audit findings to the trustees of the Academy which can be found on page 3.

A summary of adjusted and unadjusted errors identified during these two engagements has been prepared and is included on page 5, as well as a schedule of adjustments.

During our audit work we have also interrogated and assessed the Academy's systems and internal control environment: any actual or perceived weaknesses we encountered have been summarised on page 4.

Finally, we have included, as drafts, the letters of representation which will require signature by the Board of Trustees.

Reconciliation between Trial Balance and Final Accounts:

	<u>£ '000</u>	<u>£ '000</u>
<b>Funds brought forward:</b>		<b>(305)</b>
Deficit per original accounts sent to Langtons:	(423)	
Capitalise fixed assets	527	
Depreciation	(171)	
Accrual for statutory audit fees:	(7)	
<b>Deficit for the year prior to pension adjustments and lease</b>	<u>          </u>	<b>(74)</b>
FRS17 pension adjustments:	(209)	
Actuarial gain on pension scheme:	332	
<b>Pension adjustments</b>	<u>          </u>	<b>123</b>
Recognition of lease	17,636	
Depreciation of lease	(140)	
Recognition of lease less depreciation	<u>          </u>	<b>17,496</b>
Rounding		1
<b>Funds carried forward</b>		<u><u>17,241</u></u>

## 2. Audit Findings

### Going Concern

#### Issue Highlighted:

The Trustees have a duty to assess the Academy's ability to continue to operate as a Going Concern for a minimum of 12 months from the likely date that the financial statements will be signed.

#### Response

The cash flow forecast for the main school account for the period to 31<sup>st</sup> December 2021 has been reviewed (this excludes the bank accounts which pay for the ongoing capital works). Throughout that period the Academy is forecast to hold cash balances in excess of £160k and the assumptions of the income and expenditure appear reasonable.

As such, we are of the opinion that the Trustees' assessment that the financial statements are prepared under the Going Concern basis is appropriate.

### Regularity Engagement

#### Issue Highlighted

Under the all-encompassing title of regularity, the Academy has a responsibility to manage public funds in accordance with its funding agreement with the Secretary of State as well as with the Academies Financial Handbook 2019.

#### Response

On a sample basis, we have analysed items of income and expenditure in order to verify that they adhere to the Academy's funding agreement, other surrounding information/legislation as well as the Academy's internal policies. We have not found any regularity issues, propriety issues or incidences which suggest the Academy has not sought value for money. A further explanation of some of the ways in which value for money has been achieved can be seen on page 4.

### FRS 17 – Retirement Benefits

#### Issue Highlighted

The Academy's share of the liability to the Local Government Pension Scheme (Merseyside Pension Fund) is, with the exception of the lease, the single largest figure in the financial statements: its value is arrived at via an actuarial analysis provided by Mercer.

#### Response

The disclosures in the accounts have been agreed to the actuarial report: the assumptions used appear to be consistent with those of previous years' financial statements as well as those of other academies.

### 3. Review of Internal Controls

During our audit and regularity work, we have reviewed the accounting systems and internal controls implemented and operated by the Academy.

Whilst this review should not be considered comprehensive it serves to highlight any matters which have arisen during the course of the testing which we carried out. Our review of the accounting systems and procedures revealed no exceptions or areas of concern.

### 4. Value for Money

During our regularity work, we identified a number of ways in which the Academy has sought and achieved value for money. Below are some of the examples in the year in question:

- Undertaking a thorough curriculum review, staffing review and resource planning exercise the school was able to present a surplus budget for the forthcoming academic year which did not draw down upon the school's reserves;
- Requesting the facilities team leader undertake a review of our astro turf provision, the astro turf was becoming increasingly unusable in wet weather, rather than replace the facilities team identified a rejuvenation company and the full pitch has been restored at a fraction of the projected costs. This and ongoing treatments will extend the life of the school pitches beyond the expected limits; and,
- Developing a needs led review of the ICT provision within the Academy, this led to a fully costed long term ICT development plan being implemented in summer 2020, bringing the ICT hardware and infrastructure upto a significantly higher standard.

The School is acutely aware of cost pressures and seeks to reduce them where possible. We have seen evidence of further cost-saving initiatives which, though ultimately unsuccessful, should be noted.

## 5. Summary of Adjustments

We present below a summary of the adjustments made to the accounts.

These should not be considered as errors: they are merely updates of information not available to the Academy when the initial financial information was conveyed to Langtons.

Adjustment	Change to SOFA (£'000)	Change to Balance Sheet (£'000)
DR fixed asset additions CR donations (restricted fixed asset fund)	(17,636)	17,636
Being the recognition of the leaser		
DR depreciation (SOFA) CR depreciation	311	(311)
Being depreciation charge for the year		
DR fixed asset additions CR repairs and maintenance costs	(527)	527
Being reallocation from repairs' costs of capital additions		
DR interest liability (SOFA) DR current and past service costs (SOFA) DR admin cost (SOFA) CR expected return on assets (SOFA) CR pension liability	103 146 4 (44)	(209)
Being the pension scheme adjustments		
DR pension liability CR actuarial gain on pension scheme	(332)	332
Being the actuarial gain on the pension scheme		
DR governance costs (audit) CR accruals	7	(7)
Being the accrual for the fees for statutory audit		
<b>TOTALS</b>	<b>17,968</b>	<b>17,968</b>

## Summary of Unadjusted Errors

There were no unadjusted errors in the period.

Error Type	Adjusted errors (£)		Unadjusted errors Factual (£)		Unadjusted errors Judgemental (£)	
Statement	SOFA	Balance Sheet	SOFA	Balance Sheet	SOFA	Balance Sheet
<b>TOTALS</b>				-		

## 6. Appendix - draft letters of representation

### Draft letter of representation for Financial Statements

Langtons Professional Services Limited  
The Plaza  
100 Old Hall Street  
Liverpool  
L3 9QJ

Dear Langtons,

We provide this letter in connection with your audit of the financial statements of The Liverpool Blue Coat School for the year ended 31<sup>st</sup> August 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Academy at 31<sup>st</sup> August 2020 and of the results of its operations for the year then ended in accordance with Academies Accounts Direction 2019 to 2020 issued by the Education Skills & Funding Agency ('EFA'), applicable law and UK Generally Accepted Accounting Practice ('UK GAAP').

We confirm that the following representations are made on the basis of sufficient enquiries of Trustees and officials of the Academy Trust and, where appropriate, of inspection of supporting documentation and that, to the best of our knowledge and belief, we can properly make each of these representations to you.

1. We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the applicable financial reporting framework,
2. We acknowledge as trustees our responsibility for making accurate representations to you and for the financial statements of the Academy,
3. We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud and errors.
4. All accounting records and relevant information have been made available to you for the purpose of your audit.

5. All the transactions undertaken by the Academy have been properly reflected and recorded in the accounting records or other information provided to you.
6. No claims in connection with litigation have been or are expected to be received.
7. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
8. There have been no events since the balance sheet date which require disclosure or which would materially affect the amounts in the financial statements. Should any material events occur which may necessitate revision of the figures in the financial statements, or inclusion in a note thereto, we will advise you accordingly.
9. We confirm that we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
10. We are not aware of any fraud or suspected fraud affecting the Academy involving management, those charged with governance or employees who have a significant role in internal control or who could have a material effect on the financial statements.
11. We are not aware of any allegations by employees, former employees, analysts, regulators or others of fraud, or suspected fraud, affecting the Academy's financial statements.
12. We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the Academy conducts its business.
13. We confirm that complete information has been provided to you regarding the identification of related parties and that we are not aware of any significant transactions with related parties.



## 6. Appendix - draft letters of representation (continued)

14. We confirm we have appropriately accounted for and disclosed related party relationships and transactions in accordance with Financial Reporting Standard 8 and with the recommendations of the Statement of Recommended Practice, 'Accounting and Reporting by Charities 2015'.
15. We have disclosed to you all known instances of non-compliance or suspected non-compliance with the terms of the funding agreement with the DfE and the Academies Financial Handbook 2019 and those laws and regulations whose effects should be considered when approving the financial statements, including but not limited to the Education Act 1996 as amended by the Learning and Skills Act 2000 and the Education Act 2002. We have also notified you of the actual or contingent consequences which may arise from such non-compliance, including any potential effects on the Academy Trust's ability to conduct its activities.
16. We have reviewed and approved budgets and cash flow forecasts for the period to 31<sup>st</sup> December 2021 and consider it appropriate to prepare the financial statements on a going concern basis.
17. In respect of accounting estimates and judgements, we confirm our belief that the significant assumptions used are reasonable.

Yours faithfully,

Signed on behalf of the Board of The Trustees of The Liverpool Blue Coat School

Trustee

Date



## 5. Appendix - draft letters of representation

### Draft letter of representation for Regularity

Langtons Professional Services Limited  
The Plaza  
100 Old Hall Street  
Liverpool  
L3 9QJ

Dear Langtons,

We provide this letter in connection with your regularity assurance engagement of The Liverpool Blue Coat School for the year ended 31<sup>st</sup> August 2020. We confirm that the following representations are made on the basis of sufficient enquiries of Trustees and officials of the Academy Trust and, where appropriate, of inspection of supporting documentation and that, to the best of our knowledge and belief, we can properly make each of these representations to you:

1. As agreed in our engagement letter, at all times we have provided you with full access to the financial records, correspondence and other records of the Academy, and such information and explanation as are necessary for the performance of your duties.
2. All transactions undertaken by the Academy have been properly reflected and recorded in the accounting records.
3. We acknowledge and have fulfilled our responsibility for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities which govern them.
4. Similarly, trustees and Academy officials have avoided entering into any transactions or pursuing any courses of action which would cast doubt on the Academy's adherence to the requirement of regularity.
5. We have disclosed all events of which we are aware which involve suspected non-compliance with the framework of authorities including the funding agreement with

the Secretary of State for Education; Company law and Charity law, the Academies Financial Handbook 2019; and any specific terms and conditions of income received.

Yours faithfully,

Signed on behalf of the Board of Trustees of The Liverpool Blue Coat School

Chair of Trustees

Accounting Officer

Date

