



The Gryphon Trust

Audit Findings Report
For the year ended 31 August 2018

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Audit findings for The Gryphon Trust for the year ended 31 August 2018

The Trustees
The Gryphon Trust
Gore Road
New Milton
Hampshire
BH25 6RS

Audit findings for The Gryphon Trust for the year ended 31 August 2018

Dear Trustees

In accordance with our normal practice we are writing to draw your attention to various matters which arose during the course of our audit of the accounts for the year ended 31 August 2018.

Internal Controls

The control environment at the trust was good and the key financial controls that we would have expected to see were in place.

Adjusted and unadjusted misstatements

There were no unadjusted misstatements determined during the course of our audit (except for those considered to be clearly trivial).

A schedule of adjustments that were agreed should be processed when finalising the accounts are summarised in section 5 of our audit findings report.

Audit opinion

In view of the forecast low level of reserves at 31 August 2019 our audit report includes a paragraph drawing attention to the material uncertainty related to going concern. This does not constitute a qualification of our audit opinion.

There are no expected modifications to the auditor's report on regularity.

Improvements in the accounting and internal control systems

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.

Section 1 of this report contains details of matters identified during the course of our audit and our recommendations for improvements. This may not contain all areas for improvement that are present in your system.

In making our recommendations, we have considered the size of the school and the number of staff you employ. Responses from the school's Business Manager are included in the final column.

Regularity

We have performed a limited assurance scope regularity review. The work performed is summarised in section 2. Matters arising from our report on regularity are set out in section 3 of this report.

Other relevant matters relating to the audit

We have discussed with you the fact that we provide additional services to the academy in addition to acting as auditors. We wish to confirm to you that in our opinion the provision of such services does not affect our independence as the additional services provided are of a routine compliance nature and the Accounting officer and Trustees take any decisions where judgement is required.

Other matters required by Auditing Standards to be communicated

There are no other matters that we are required by auditing standards to communicate to you.

We would like to take this opportunity of expressing our thanks to all of your staff for their assistance during the course of our audit, in particular Caroline Johnston.

Please note that this report has been prepared for The Gryphon Trust. It must not be disclosed, quoted or referred to third parties, other than the EFSA, without prior written consent. No responsibility is assumed by us to any other person.

Yours faithfully



HWB

Section 1: Management letter points arising from audit work

	Issue	Importance H/M/L	Consequence	Recommendation	Response	Timescale
1	As reported last year, the financial statements do not give the full disclosure by individual staff trustee as required by Accounting and Reporting by Charities: Statement of Recommended Practice ("the SORP") and the Academies Accounts Direction (the "AAD").	M	Non-compliance with the SORP and the AAD. We consider that the omitted details do not affect our opinion on the financial statements. Our audit report is therefore not qualified in this respect	We recommend that the trustees consider full disclosure in accordance with the SORP and the AAD when preparing the 2018/19 financial statements.	As the remuneration is in respect of their duties as employees not in respect of duties as trustees, it is considered that the disclosure made in the accounts provides sufficient information in respect of staff trustees' remuneration. Further analysis will be provided if deemed appropriate by the trustees.	n/a

Section 2: Regularity Assurance Review

In accordance with The Academies Accounts Direction (AAD), we have performed a limited assurance scope regularity review of Academy Trust. The following work was undertaken:

- ❑ Planning of assurance procedures including identifying key risks;
- ❑ Substantive testing including analytical review;
- ❑ Concluding on procedures carried out.

Substantive testing included the following procedures:

- ❑ Confirming that activities conform to the Trust's framework of authorities;
- ❑ Considering the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- ❑ Evaluating the general control environment of the Trust;
- ❑ Testing a sample of transactions to consider whether the transaction is permissible within the Trust's framework of authorities;
- ❑ Confirming whether any extra-contractual payments have been made and whether appropriate authority was obtained;
- ❑ Reviewing documentation for evidence of borrowing and confirming if approval was obtained from ESFA;
- ❑ Confirming whether ESFA approval was obtained for any disposals of assets;
- ❑ Reviewing the internal control procedures relating to charge cards;
- ❑ Reviewing for any indication of purchases for personal use by staff or officers;
- ❑ Reviewing the list of suppliers to consider whether supplies are from related parties;
- ❑ Considering whether income generating activities are permissible within the Trust's charitable objects;
- ❑ Reviewing whether lettings to related parties are made at favourable rates.

Our work was undertaken in accordance with the guidance in the AAD and the ICAEW's technical release TECH08/12AAF

Section 3: Management Letter Points Arising from Our Work on Regularity

	Issue	Importance H/M/L	Consequence	Recommendation	Response	Timescale
1	From a review of Companies House it was confirmed that not all of the business interests for governors and heads of department have been disclosed.	M	Related party transactions and possible conflicts of interest may not be identified.	The Governors and heads of department should record all business interests each year.	Pecuniary and business interests will be updated moving forward.	Ongoing
2	A data breach took place in the period which was reported to the ICO.	H	The academy may incur fines if breaches continue and there will be impact of the reputation.	Controls should be updated to ensure breaches do not occur again.	Changes have been made to ensure breaches do not occur in the future.	Ongoing

Section 4: Unadjusted Misstatements

Schedule of unadjusted misstatements above audit triviality of £700

Description		Nominal		Unadjusted Misstatement			
				SOFA		Balance Sheet	
				Dr	Cr	Dr	Cr
None							
				-	-	-	-
				-	-	-	-

Section 5: Adjusted Misstatements

	Restricted/ unrestricted	Restricted fixed asset	LGPS	Total
	£	£	£	£
Surplus/(deficit) per trial balance	(88,829)	2,715,017	-	2,626,188
Audit adjustments - none	-	-	-	-
LGPS movement	-		179,000	179,000
Transfers between funds	(12,904)	12,904	-	-
Surplus/(deficit) per final accounts	(101,733)	2,727,921	179,000	2,805,188

Section 6: Review of Internal Control Recommendations Raised in Prior Year

Issue	Status
As reported last year, the financial statements do not give the full disclosure by individual staff trustee as required by Accounting and Reporting by Charities: Statement of Recommended Practice ("the SORP") and the Academies Accounts Direction (the "AAD").	This has been reported again this year.
The academy does not update DBS checks for staff after they have been appointed.	An annual check is now in place (point now cleared).
Mileage is paid to trustees to attend the Annual General Meeting.	This has not recurred during the current year (point now cleared).
Unbanked cash belonging to the previous local authority occupants was located at the site of the new Eaglewood academy during construction work.	Moneys have now been taken by local authority (point now cleared).
BACS payments in respect of payroll liabilities were recorded prior to the actual date of payment.	Payments have been correctly recorded this year (point now cleared).
There have been instances of theft of canteen stocks by students which enter the canteen in large groups.	No issues have occurred in the current year (point now cleared).

Section 7: Review of Regularity Recommendations Raised in Prior Year

Issue	Status
Per Gov.UK website there is no chair of trustees recorded.	Gov.UK has now been updated (point now cleared).

Section 8: Going Concern

Trustees' assessment

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Trust has sufficient resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Work performed by HWB

- ❑ Review latest budgets to ascertain whether going concern has been correctly addressed.
- ❑ Enquire into whether there have been any material new commitments, borrowings or guarantees post year end.
- ❑ Enquire into whether there have been disposals or acquisition of material assets or any appropriation or destruction of assets.

Findings

The Trust has £545,250 cumulative restricted and unrestricted reserves at 31 August 2018. The budget forecast for the year ending 31 August 2019 shows a deficit for the year of £430,000 and £380,000 for the year ending 31 August 2020. The Trust has therefore forecast to be in cumulative deficit by 31 August 2020.

A low level of reserves for a school of this size is forecast at 31 August 2019 (£107,000). A predicted deficit of £380,000 in 2019/20 provides us with uncertainty over the ability of the school to continue as a going concern. Our audit report therefore includes a paragraph drawing attention to this matter but is not qualified in this respect.

Section 9: Assignment Team Contact Details



Richard Hurst (FCA)

Audit Director

T: 023 8046 1208

M: 07941 300902

E: richard.hurst@hwb-accountants.com

Address

HWB Chartered Accountants
Highland House, Mayflower Close, Chandlers Ford
Eastleigh, Hampshire, SO53 4AR.



HWB Chartered Accountants



@HWB_Accountants



HWB Chartered Accountants

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