



LINCOLN ANGLICAN ACADEMY TRUST

Audit Completion Report for the year ended
31 August 2020

December 2020



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Mazars LLP
Park View House
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Nottingham
NG1 5DW

The Board of Trustees
Lincoln Anglican Academy Trust
103 Newport
Lincoln
LN1 3EE

Date: December 2020

Dear Sirs / Madams

Audit Completion Report – Year ended 31st August 2020

We are pleased to present our Audit Completion Report for the year ended 31 August 2020. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented in July 2020. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07552 007 708.

Yours faithfully



David Hoose
Mazars LLP

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We are registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861.
VAT number: 839 8356 73

1. EXECUTIVE SUMMARY

Principal conclusions and significant findings

As outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 2 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement.

Section 3 sets out internal control recommendations and section 4 sets out audit misstatements; unadjusted misstatements total £Nil.

Status and opinion

We have completed our audit in respect of the financial statements for the year ended 31 August 2020.

We have issued an unqualified audit opinion and an unqualified regulatory conclusion, without modification, as set out in appendix.

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2. SIGNIFICANT FINDINGS

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 9 we have concluded whether the financial statements have been prepared in accordance with Academies Accounts Direction 2019 to 2020, the Charities SORP 2019 and the Companies Act 2006 and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

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2. SIGNIFICANT FINDINGS

Significant risks

Going concern	Description of the risk
	<p>Both the private sector and public sector face challenging times due to the current economic climate. Increased risks are faced in many areas by the Trust, including:</p> <ul style="list-style-type: none">• Reduced levels of public funding• Demographic challenges and fall in student numbers• Impact of COVID 19 pandemic• Increased national insurance and pension contribution rates <p>The risk of these factors having a significant impact on the going concern opinion is moderate. It needs to be considered whether any factors impact on the Trust's ability to continue operations.</p>

How we addressed this risk

Additional audit focus was made regarding the going concern of the Trust (as is the situation with all trusts). We also considered and reviewed future funding and the impact of the COVID 19 pandemic on the Trust's operations.

Audit conclusion

From our audit procedures, no issues have been identified in relation to going concern.

Classification of funds	Description of the risk
	<p>There is a risk that income or capital (endowment) received has restrictions imposed by a third party and therefore should be recorded as restricted income or capital (endowment) in the SOFA. The related expenditure must be allocated against these restricted funds and any remaining funds at the period end must be carried forward within restricted funds.</p>

How we addressed this risk

We ensured that funds were correctly classified and movements in funds comply with legal requirements.

Audit conclusion

From our audit procedures, no issues have been identified.

2. SIGNIFICANT FINDINGS

Management override of controls

Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

From our audit procedures, no issues have been identified.

Revenue recognition

Description of the risk

There is a risk of fraud in the financial reporting relating to revenue recognition due to the potential to inappropriately record revenue in the wrong period. Due to there being a risk of fraud in revenue recognition we consider it to be a significant risk on all audits.

How we addressed this risk

We have addressed this risk by reviewing and testing cut off procedures. We also reviewed revenue recognition policies for appropriateness.

Audit conclusion

From our audit procedures, no issues have been identified.

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2. SIGNIFICANT FINDINGS

Key areas of management judgement –

Local Government Pension Scheme assumptions	Description of the management judgement
	To ensure that the assumptions used within the year end valuation of the Local Government Pension Scheme Deficit are appropriate.

How our audit addressed this area of management judgement

We arranged for our internal pension specialists to review the assumptions that have been applied and considered if these are appropriate based on our knowledge of the sector.

Audit conclusion

Our actuarial team have reviewed the actuarial assumptions used in the calculation of the Trust's share of the Local Government Pension Scheme deficit.

a. Lincolnshire Pension Fund

They have concluded that the assumptions are reasonable with the exception of the salary growth assumption, which was set at CPI plus 0.3% (i.e. 2.5%), compared to the lower-end of our expected actuarial range of CPI plus 1% (i.e. 3.2%). Adopting the higher salary increase assumption would increase the Trust's LGPS pension deficit by c£246k.

b. East Riding of Yorkshire Pension Fund

They have concluded that the assumptions are reasonable with the exception of the salary growth assumption, which was set at CPI plus 0.9% (i.e. 3.1%), compared to the lower-end of our expected actuarial range of CPI plus 1% (i.e. 3.2%). Adopting the higher salary increase assumption would increase the Trust's LGPS pension deficit by c£8k.

Management has been advised by Lincolnshire LGPS and East Riding of Yorkshire LGPS that salary increase assumption used is based on that from the last full triennial valuation of the scheme in 2019. The triennial valuation report states "This reflects both short term pay constraints and the belief that general economic growth and hence pay growth may be at a lower level than historically experienced for a prolonged period of time".

We are advised by management that they have reviewed the actuarial assumptions and believe them to be appropriate. When determining pay increases for support staff, Directors take into account the challenging financial circumstances that the schools find themselves in and consider that any pay increase must be affordable.

They are therefore of the opinion that the salary increase assumptions are not unreasonable and are within the parameters used in the institutions financial forecasts.

We have discussed this with management who have confirmed they are satisfied with the current accounting treatment.

2. SIGNIFICANT FINDINGS

Other areas of management judgement

Accrued and deferred income

Description of the management judgement

To ensure that the calculation of accrued and deferred income ensures that income is recognised in the correct accounting period.

How our audit addressed this area of management judgement

We reviewed any accrued and deferred income to ensure that they meet the criteria of entitlement and measurement at the balance sheet date. We tested the calculations of material accrued and deferred income balances to ensure that income is recognised in the correct accounting period.

Audit conclusion

Our audit work did not identify any material errors with accrued and deferred income.

Capitalisation of fixed assets

Description of the management judgement

Management are responsible for identifying whether an item is capital or revenue in nature.

How our audit addressed this area of management judgement

We reviewed the methodology that has been used to ensure that this is appropriate for accounting for assets and in line with relevant accounting standards.

Audit conclusion

The capitalisation policy is deemed to be reasonable and in line with the relevant accounting standards. No issues have been identified from audit procedures.

2. SIGNIFICANT FINDINGS

Depreciation and amortisation

Description of the management judgement

The Trust has tangible fixed assets on its balance sheet which are subject to depreciation charges. Management are involved in the selection of the useful economic lives of these assets.

How our audit addressed this area of management judgement

We have reviewed the depreciation rates for reasonableness and ensured the rates have been applied appropriately.

Audit conclusion

From the audit work performed the fixed assets appear materially correct and the depreciation policy included within the financial statements is considered reasonable.

Accounting policies and disclosures

We have reviewed Lincoln Anglican Academy Trust accounting policies and disclosures and concluded they comply with the requirements of the Academies Accounts Direction 2019 to 2020, the Charities SORP 2019 and the Companies Act 2006.

Audit Approach

Our audit was undertaken in line with the audit approach set out in our Audit Strategy Memorandum.

Our provisional materiality at planning stage was set based on a benchmark of 2% of gross revenue expenditure less depreciation and intercompany transactions.

Impact of the COVID 19 Pandemic

Management have not submitted any exceptional COVID cost claims to the ESFA.

Significant matters discussed with management

There were no significant matters discussed with management.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

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3. INTERNAL CONTROL RECOMMENDATIONS

Recommendations relating to the financial statements

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	2019/20 issues identified	2018/19 issues outstanding
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	0	0
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0	0

3. INTERNAL CONTROL RECOMMENDATIONS

Follow up of previous internal control points

We set out below an update on internal control points raised in the prior year.

Description of deficiency

We identified one instance of an employee not having signed a contract of employment.

Potential effects

Incorrect personnel files may lead to fraudulent activities, errors and misstatements.

Recommendation

Whilst we understand that the relevant employee has since signed the contract of employment, we recommend that all personnel files are kept up to date going forward.

Current year findings

No instances identified in the year. Point now resolved.



3. INTERNAL CONTROL RECOMMENDATIONS

Relating to the 'regularity' assurance work

The purpose of our regularity assurance work is to provide a limited assurance report on the regularity of both income and expenditure. The matters reported below, are limited to those that we have identified during our normal procedures. Our work is not designed to provide an opinion that there are no issues with regards to regularity. If we had performed more extensive procedures, we might have identified more issues to be reported. Our comments should not be regarded as a comprehensive record of all regularity issues that exist.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	2019/20 issues identified	2018/19 issues outstanding
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	0	0
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	1	1

3. INTERNAL CONTROL RECOMMENDATIONS

Other recommendations in internal control – Level 3

Description of deficiency

We identified that two declarations of interest were not completed for Tattershall Holy Trinity Church of England Primary School.

Potential effects

Non-compliance with the Academies Financial Handbook

Recommendation

Ensure business and pecuniary interests are completed annually for members, trustees, local governors and senior employees.

Management response

The individual school has been reminded of their responsibilities and the business and pecuniary forms will be reviewed by the central team to ensure compliance.

Follow up of previous internal control points

We set out below an update on internal control points raised in the prior year.

Description of deficiency

We identified that a number of required disclosures have not been posted to the Academy websites in a timely manner.

Potential effects

Non-compliance with the Academies Financial Handbook

Recommendation

Ensure appropriate and required documentation is posted.

Current year findings

This has occurred again in the current year whereby a number of required disclosures have not been posted to some of the individual school websites.

Management response

The individual schools have been contacted and reminded of their responsibilities. In addition, website compliance will be reviewed by the central team regularly. This has been a particularly challenging year for all our schools and staff.

4. SUMMARY OF MISSTATEMENTS

We set out below the misstatements identified during the course of the audit, above the level of trivial, for adjustment.

Year ended 31 August 2020

Adjusted misstatements

		SOFA		Balance Sheet	
		DR	CR	DR	CR
		£'000	£'000	£'000	£'000
1	DR Accrued income CR CIF Capital Grants <i>Being the adjustment to recognise CIF income on an entitlement basis</i>		(100)	100	
2	DR Pension costs DR Pension on conversion DR Actuarial gain/loss CR Pension liability <i>Being to the adjustment to recognise the pension movements in 2019/2020</i>	1,018 758 (641)			(1,135)
3	DR Fixed assets DR Accrued income CR Transfer on conversion <i>Being the adjustment to recognise the estimated balances on conversion for Spalding</i>		(620)	500 120	
4	DR Salix loan - amounts within one year CR Salix loan - amounts over one year <i>Being the adjustment to recognise the salix loan over one year</i>			39	(39)

There are no un-adjusting misstatements which have been identified.

Disclosure amendments

None noted.

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APPENDIX A – DRAFT MANAGEMENT REPRESENTATION LETTERS

Lincoln Anglican Academy Trust - audit for year ended 31 August 2020

This representation letter is provided in connection with your audit of the financial statements of Lincoln Anglican Academy Trust for the year ended 31 August 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the Companies Act 2006, Accounting and Reporting by Charities; Statement of Recommended Practice applicable to Charities (SORP 2019), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, the Academies Accounts Direction 2019 to 2020 and the Academies Financial Handbook 2019 issued by the Education & Skills Funding Authority (ESFA).

We confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you.

Our responsibility for the financial statements and accounting information

We believe that we have fulfilled our responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Companies Act 2006 and relevant legislation, United Kingdom Accounting Standards, the Academies Accounts Direction 2019 to 2020 and the Academies Financial Handbook 2019 issued by the ESFA.

Our responsibility to provide and disclose relevant information

We have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the trust you determined it was necessary to contact in order to obtain audit evidence.

We confirm as directors that we have taken all the necessary steps to make us aware, as directors, of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as we are aware there is no relevant audit information of which you, as auditors, are unaware.

We have made you aware of any instances of non-compliance with either our funding agreement or the Academies Financial Handbook.

Accounting records

We confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all management and directors’ meetings, have been made available to you.

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APPENDIX A – DRAFT MANAGEMENT REPRESENTATION LETTERS

Accounting policies

We confirm that we have reviewed the accounting policies applied during the year in accordance with the requirements of with Paragraph 3 of Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), Accounting and Reporting by Charities; Statement of Recommended Practice applicable to Charities (SORP 2019), the Academies Accounts Direction 2019 to 2020 and the Academies Financial Handbook 2019 issued by the ESFA and consider these policies appropriate to faithfully represent the effects of transactions, other events or conditions on the trust's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

We confirm that any significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the trust have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), Companies Act 2006, Accounting and Reporting by Charities; Statement of Recommended Practice applicable to Charities (SORP 2019), the Academies Accounts Direction 2019 to 2020 and the Academies Financial Handbook 2019 issued by the ESFA.

Laws and regulations

We confirm that we have disclosed to you all those events of which we are aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

APPENDIX A – DRAFT MANAGEMENT REPRESENTATION LETTERS

Fraud and error

We acknowledge our responsibility as directors of the trust, for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

We have disclosed to you:

- all the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the entity involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

We have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Related and connected party transactions

We confirm that all related and connected party relationships, transactions and balances, (including sales, purchases, loans, transfers, leasing arrangements and guarantees) have been appropriately accounted for and disclosed in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice Including the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), Companies Act 2006, Accounting and Reporting by Charities; Statement of Recommended Practice applicable to Charities (SORP 2019), the Academies Accounts Direction 2019 to 2020 and the Academies Financial Handbook 2019 issued by the ESFA.

We have disclosed to you the identity of the trust's related parties and all related party relationships and transactions of which we are aware.

Impairment review

To the best of our knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the fixed assets [property, plant and equipment] below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the trust's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

We have no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

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APPENDIX A – DRAFT MANAGEMENT REPRESENTATION LETTERS

Subsequent events

We confirm all events subsequent to the date of the financial statements and for which the United Kingdom Generally Accepted Accounting Practice Including the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), Companies Act 2006, Accounting and Reporting by Charities; Statement of Recommended Practice applicable to Charities (SORP 2019), the Academies Accounts Direction 2019 to 2020 and the Academies Financial Handbook 2019 issued by the ESFA, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, we will advise you accordingly.

Going concern

To the best of our knowledge there is nothing to indicate that the trust will not continue as a going concern in the foreseeable future. The period to which we have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

There were no unadjusted misstatements identified during the audit.

Yours faithfully

APPENDIX A – DRAFT MANAGEMENT REPRESENTATION LETTERS

Lincoln Anglican Academy Trust - Regularity Assurance Engagement for the year ended 31 August 2020 – Letter of representation

This representation letter is provided in connection with your Independent Reporting Accountant's Assurance Report on regularity to Lincoln Anglican Academy Trust and the Education and Skills Funding Agency.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for Regularity

I acknowledge as Accounting Officer my responsibility under the requirements of the Lincoln Anglican Academy Trusts' funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2019, for ensuring that expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the regularity statements such as records, documentation and other material;
- additional information that you have requested from myself for the purpose of your review; and
- unrestricted access to individuals within the trust you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Accounting Officer that I have taken all the necessary steps to make myself aware, as Accounting Officer of any relevant information and to establish that you, as Reporting Accountants, are aware of this information.

As far as I am aware there is no relevant information of which you, as Reporting Accountants, are unaware.

I am not aware of any other instances of non-compliance with the Academies Financial Handbook extant from 1 September 2019 and the 'musts' checklist except for those already disclosed to you.

Accounting records

I confirm that all transactions that have a material effect on the regularity statements have been recorded in the accounting records and are reflected in the regularity statements. All other records and related information, including minutes of all management and trustees' meetings, have been made available to you.

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APPENDIX A – DRAFT MANAGEMENT REPRESENTATION LETTERS

Fraud, laws and regulations, and whistleblowing

I have disclosed to you all knowledge of fraud or suspected fraud affecting the entity involving:

- management and those charged with governance;
- employees who have significant roles in internal control; and
- others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

I am not aware of any other irregularities or possible non-compliance with laws and regulations or the funding agreement which might result in the Academy Trust suffering penalties or other loss. Nor am I aware of any allegations of such irregularities or non-compliance.

I am not aware of any whistle-blowing allegations or investigations.

Contingencies

The Academy Trust has given no guarantees, letters of comfort, or indemnities that would incur contingent liabilities for the Academy Trust.

Campaigning and fundraising activities

The Academy Trust has made no use of funds for political or campaigning purposes that would not be permitted by charity law.

The Academy Trust has not undertaken any fundraising activities that are restricted by the Charity Commission under publication CC20.

Covid 19

I have made you aware of any impacts of the Covid 19 pandemic that may be relevant to your work as Independent Reporting Accountant's on regularity.

Related party transactions

I confirm that all related and connected party relationships, transactions and balances have been appropriately accounted for and disclosed.

Yours faithfully

Accounting Officer

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APPENDIX B – DRAFT AUDIT AND ASSURANCE REPORTS

We have audited the financial statements of Lincoln Anglican Academy Trust (“the ‘ Academy Trust’) for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities; Statement of Recommended Practice applicable to Charities (Charities SORP 2019) and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust’s affairs at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2019 to 2020.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

APPENDIX B – DRAFT AUDIT AND ASSURANCE REPORTS

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditors' reports thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report including the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report including the incorporated Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the incorporated Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

APPENDIX B – DRAFT AUDIT AND ASSURANCE REPORTS

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page [x], the Trustees (who are directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the Academy Trust's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the Academy Trust's members as a body for our audit work, for this report, or for the opinions we have formed.

(Senior Statutory Auditor)
for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Address

Date

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APPENDIX B – DRAFT AUDIT AND ASSURANCE REPORTS

Independent Reporting Accountant’s Assurance Report on Regularity to Lincoln Anglican Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 8 September 2020 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lincoln Anglican Academy Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Lincoln Anglican Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lincoln Anglican Academy Trust and the ESFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lincoln Anglican Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Lincoln Anglican Academy Trust Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Lincoln Anglican Academy Trust’s funding agreement with the Secretary of State for Education dated 24 December 2013 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession’s ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluding on procedures carried out.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signature

Reporting Accountant

Mazars LLP

Date

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APPENDIX C - INDEPENDENCE

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

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APPENDIX D – FORTHCOMING ACCOUNTING AND OTHER ISSUES

There are a number of accounting and other issues on the horizon of which you should be aware. Please do let David Hoose know if you would like to discuss any of these emerging issues further.

ACADEMIES FINANCIAL HANDBOOK – EFFECTIVE FROM 1 SEPTEMBER 2020

Key changes within the Academies Financial Handbook which was released in June 2020 (as extracted from the “2020 Academies Financial Handbook”)

Governance

- Further information on governance arrangements including trustees’ responsibility to maintain the trust as a going concern
- i) The trustees must ensure regularity and propriety in use of the trust’s funds, and achieve economy, efficiency and effectiveness – the three elements of value for money. The trustees must also take ownership of the trust’s financial sustainability and its ability to operate as a going concern.
- ii) ensure that financial plans are prepared and monitored, satisfying itself that the trust remains a going concern and financially sustainable. Trusts should also take a longer term view of the trust’s financial plans consistent with the requirement to submit three-year budget forecasts to ESFA.
- Confirmation that members must not be employees or occupy unpaid staff roles and that members must remain informed about trust business.
- Trusts must appoint a clerk to the board - The academy trust must appoint a clerk to support the board of trustees who is someone other than a trustee, principal or chief executive of the trust.
- Clarifying that trusts must keep their register of interests up to date

Executive Team

- Confirmation that both the accounting officer and chief financial officer (CFO) should be employees, and a requirement for ESFA prior approval if, exceptionally, they are not.
- Encouraging larger trusts to consider relevant accountancy qualifications for their CFO, and for all CFOs to maintain professional development

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APPENDIX D – FORTHCOMING ACCOUNTING AND OTHER ISSUES

ACADEMIES FINANCIAL HANDBOOK – EFFECTIVE FROM 1 SEPTEMBER 2020 - continued

General controls and transparency

- Clarification and confirmation that Academy Trust's must maintain a fixed asset register
- Trust's should review pupil number projections on a termly basis
- Boards are encouraged to take an integrated approach to curriculum and financial planning so that they are confident about planning the best curriculum for their pupils
- Confirmation that the Academy Trust must manage its cash position robustly. It must avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing
- The Trust must publish on its website in a separate readily accessible form the number of employees whose benefits exceeded £100k, in £10k bandings, as an extract from the disclosure in its financial statements for the previous year ended 31 August.
- The trustees must agree the whistleblowing procedure and publish it on the trust's website.
- The trust's funds must not be used to purchase alcohol for consumption, except where it is to be used in religious services.
- Clarification the trust must manage risks to ensure its effective operation and must maintain a risk register. Overall responsibility for risk management, including ultimate oversight of the risk register, must be retained by the board of trustees, drawing on advice provided to it by the audit and risk committee.
- Trusts must complete the School resource management self-assessment tool by the required deadline.

Internal Scrutiny

- Updated text to confirm all academy trusts must have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively.
- The removal of the option for internal audit to be completed by the external auditors.
- confirmation that trusts can use additional individuals or organisations to support internal scrutiny where specialist non-financial knowledge is required

Annual Accounts

- The Audit and Risk committee must;
 - i) Review the external audit plan each year along with the annual report and accounts
 - ii) assess the effectiveness and resources of the external auditor to provide a basis for decisions by the trust's members about the auditor's reappointment or dismissal or retendering. This should include the auditors expertise and quality, Trust knowledge, audit process review, auditor knowledge and skills to deliver a robust audit and the use of technology.

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