



Loughton School

Report to Governors

Audit for the period ended 31 August 2015

Updated following meeting on 17 November 2015

Loughton School Report to Governors

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Loughton School Report to Governors

1 Introduction

Streets is a top 50 firm of Chartered Accountants, looking after clients across the education sector including Academies, Free Schools and University Technical Colleges, throughout the East Midlands, East of England, South and East Yorkshire, London and the South East. Further information on our work with Academies and schools is included on our website, please visit www.accountants4academies.co.uk.

Streets Chartered Accountants has offices in Bedford (Wyboston Lakes), Cambridge, Grantham & Newark (Long Bennington), Hull, Lincoln, London, Manchester, Newmarket, Peterborough, Sheffield and Stevenage.

Streets Audit LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Details of our registration can be viewed at www.auditregister.org.uk and www.cro.ie/auditors for Ireland, under reference number C001217999.

Loughton School Report to Governors

2 Summary

Please note that, throughout this document, we have referred to governors as the governing body. In a single academy trust, the terms trustee, director and governor are interchangeable.

2.1 Communications required by Auditing Standards

We have audited the statutory accounts of the Academy for the period ended 31 August 2015 in accordance with the terms of our engagement letter. We draw your attention to the following points, as required by auditing standards.

a) Qualitative aspects of the academy's accounting practices and financial reporting

We have no comments to make concerning the qualitative aspects of the academy's accounting practices and financial reporting.

b) Reconciliation to Management Accounts

Section 5 of this report includes a reconciliation of the management figures submitted for audit to the surplus/(deficit) reported in the draft statutory accounts. The reconciliation includes details of the adjustments which were agreed with the school's finance team during the course of the audit. As governors, we would ask you to confirm that you agree to these adjustments being made.

c) Unadjusted items

Section 6 would report potential adjustments identified during the course of the audit. However, there were no potential adjustments identified during the course of the audit, of more than £1,000, which have not been amended following discussion with the school's finance team.

d) Material weaknesses 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 7 of this report contains details of areas which were identified during the course of the audit and our recommendations. It is not intended to be a full list of all potential weaknesses that may be present in your systems.

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e) Letters of representation

Appendix 1 and 2 to this report contains our proposed letters of representation which we will request from you prior to issuing the final accounts. We would be grateful if you could review these letters and let us know if there are any areas you wish to query.

We will require the letters of representation to be signed by all of the governors (who are directors for the purposes of the Companies Act). Alternatively, we will require a copy of the board minute which documents the governors' consideration and acceptance of their contents.

f) Expected modifications to the auditor's report

There are no modifications expected to the audit report.

g) 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.

h) Other relevant matters relating to the audit

We have discussed with you the fact that we provide accounting and corporation tax 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 are of a compliance nature and management takes any decisions where judgement is required.

i) SORP 2015

Academy trusts need to be aware of the changes introduced by the new Statement of Recommended Practice (SORP 2015) applicable for periods ending 31 August 2016, as these will be integrated into future Accounts Directions. Due to the simplicity of operations for the majority of academy trusts, there are not expected to be any significant changes to the financial reporting for academies arising from the adoption of SORP 2015.

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2.2 Outstanding matters

We draw your attention to the following information which is outstanding. We will be unable to issue final financial statements until we have received the following items which are discussed further in this report;

- a) Successful completion of Post Balance Sheet Events work
- b) Signed engagement letter – *received signed letter*
- c) Confirmation/decisions on the points included in this report as appropriate
- d) Signed letters of representation
- e) Governors report – *obtained*
- f) Confirmation that all outstanding VAT refunds have been received – *confirmed and agreed*

2.3 Conduct of the audit

We would like to take this opportunity to thank the accounting staff for their help and assistance during the audit, which was gratefully appreciated.

2.4 Purposes of the report

Please note that this report has been prepared for the sole use of the Academy. It must not be disclosed to third parties, quoted or referred to, without our prior written consent. No responsibility is assumed by us to any other person.

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3 Key audit issues

This section details the key issues that arose during our Financial Statement audit and our Regularity Audit. It also includes areas that we consider require further explanation or consideration by the Governors.

3.1 Financial Statement Audit

Audit approach

Our general audit approach was determined by our assessment of the audit risk, both in terms of the potential misstatement in the financial statements and of the control environment in which the company operates.

To summarise our approach, we:

- updated our understanding of the school and its environment;
- reviewed the design and implementation of key internal financial control systems; and
- planned and performed an audit with professional scepticism recognising that circumstances may exist that cause the financial statements to be materially misstated.

Significant risks arise on most audits and are often derived from business risks that may result in a material misstatement, relate to unusual transactions that occur infrequently, or judgemental matters where measurement is uncertain. In areas where we identified the potential for significant risk, we extended our audit testing to include more detailed substantive work. Our work in other areas was proportionally less.

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements. In general, misstatements, including omissions, are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in the light of surrounding circumstances, and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both.

There were no changes to our audit approach as set out to you in our letter dated 4 November 2015.

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Summary of significant audit findings

A) Significant risk area identified at planning	Findings, significance and recommendations	Management response / timetable for action
<p>EFA and other funding Ensure EFA and LA funding is complete and recorded in the correct accounting period</p>	<p>Income from EFA and LA has been agreed by proof in total and all items were agreed.</p>	<p>No action needed</p>
<p>Other income Ensure other income is recorded and presented in the correct accounting period</p>	<p>A sample of other income streams were selected for testing and compared to underlying records. No significant issues were noted with the recognition or reporting of income.</p>	<p>No action needed</p>
<p>Purchase authorisation Ensure costs other than payroll are authorised and classified appropriately in the accounts</p>	<p>A sample of expenses was selected for testing. Supporting documentation was obtained and agreed.</p>	<p>No action needed</p>
<p>Wages Ensure wages and salaries reflect the authorised rates of pay and hours work (where applicable) and that the associated contributions for tax, national insurance and pensions have been calculated appropriately.</p>	<p>Payroll costs were reviewed by proof in total and a sample of individuals selected for detailed audit testing. All rates of pay were agreed and standard information sheets had been completed on all personnel files.</p>	<p>No action needed.</p>

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<p>Staff costs Ensure that explanations are obtained for significant variations in the expected range of staff costs.</p> <p>The main costs in any school relate to staffing and the EFA continue to benchmark schools on the ratio of staff costs to expenditure (excluding depreciation and building costs) and to non-capital grant income. We have noted from questions raised by the EFA on the Academy Accounts Returns that the EFA expect staff costs to be between 80%-85% of GAG income and total costs.</p> <p>These figures will be reflected in the Accounts Annual Return (which is the main source of data for the EFA).</p>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">2015</th> <th style="width: 20%; text-align: center;">2014</th> </tr> </thead> <tbody> <tr> <td>Staff costs to relevant charitable expenditure</td> <td style="text-align: center;">85%</td> <td style="text-align: center;">82%</td> </tr> <tr> <td>Staff costs to non capital Grants income</td> <td style="text-align: center;">86%</td> <td style="text-align: center;">92%</td> </tr> </tbody> </table> <p>Careful consideration should be given to the ongoing financial consequences indicated by the staff costs and ratios.</p>		2015	2014	Staff costs to relevant charitable expenditure	85%	82%	Staff costs to non capital Grants income	86%	92%	<p>The management team and governors are aware of the staffing costs and are also mindful that staffing levels need to be managed alongside the need to recruit and retain appropriately qualified staff to maintain and improve on standards of education and teaching.</p>
	2015	2014									
Staff costs to relevant charitable expenditure	85%	82%									
Staff costs to non capital Grants income	86%	92%									
<p>Staff cost disclosures Ensure that full disclosure is made in respect of staff costs.</p> <p>All charities are required to disclose information on staff costs, staff numbers and remuneration paid to staff whose emoluments exceeded £60,000 during the accounting period.</p> <p>However, academies are also required to state the individual amounts of any non-contractual or non-statutory severance payments.</p> <p>(EFA Accounts Direction 2014/15).</p>	<p>Full disclosure has been made in the accounts for the disclosure of staff costs in excess of £60,000 and the average number of staff employed during the year.</p> <p>There were no non-contractual or non-statutory severance payments in the year.</p>	<p>No action needed</p>									

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<p>Governor remuneration Ensure that full disclosure is made in respect of governor remuneration.</p> <p>SORP 2005 (section 229(c)) requires the disclosure of an employee's remuneration where the employee is also a governor. This is because, unlike directors of commercial companies, it is not normal practice for charity governors to receive remuneration from the charities for which they are responsible.</p> <p>(EFA Accounts Direction 2014/15).</p>	<p>Full disclosure has been made in the accounts for the disclosure of staff governor's remuneration and employer's pension contributions.</p>	<p>No action needed.</p>
<p>Good Governance The EFA have continued to issue updated guidance throughout the year, including the following publications:</p> <ul style="list-style-type: none"> • Academies Financial Handbook 2014 (effective 1 September 2014) • Academies Financial Handbook 2015 (effective 1 September 2015) • Academies Accounts Direction 2014/15 • "Dear accounting officer" letters issued September 2014 and September 2015 • Governors Handbook issued January 2015 <p>It is recommended that these documents should be circulated to governors, considered by them as appropriate and minuted as such.</p>	<p>It is clear from the minutes of governor meetings that documents issued by the EFA are regularly circulated to the governing body and discussed at their committee meetings. Regular review of EFA documents ensures that the governors maintain a general awareness of changes in legislative requirements.</p>	<p>No action needed</p>

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<p>Pecuniary interests</p> <p>The EFA requires academy trusts to maintain a register of business interests for all members and governors, local governors of academies within a multi-academy trust and senior employees.</p> <p>Academy trusts must publish on their websites relevant business and pecuniary interests of governors and members but have discretion over the publication of interests for other individuals.</p> <p>(EFA Accounts Direction 2014/15).</p>	<p>The school has continued its policy requiring governors and staff to sign annual declarations of pecuniary interests. A full schedule of all pecuniary interests was updated in the year.</p> <p>The pecuniary interest of members and governors are all disclosed on the Academy's website.</p> <p>The pecuniary interest form of the site agent/caretaker lists his girlfriend as being an employee of PDQ SAGE Ltd. We assume that the site agent/caretaker would arrange for the majority of quotes when work of a capital nature is being carried out. Transactions with this company was noted in the year and we therefore require confirmation that EFA procedures are followed and that the site agent/caretaker was not involved in the decision to appoint this company for the works.</p>	<p>Management have confirmed the all applicable procurements procedures have been followed.</p> <p>For the particular instance mentioned, the individual concerned was not involved in the decision making process. The Head Teacher took the decision in the first place, who then took it to the Building Committee and then to the Finance Committee for approval and ratification.</p>
<p>Related Party Disclosures</p> <p>The disclosure of related party transactions is standard accounting practice across the private and public sectors. Such disclosures provide accountability and transparency to the public and Parliament and demonstrate that potential conflicts of interest are being identified, managed and reported.</p> <p>(Review of related party transactions in academies, published November 2014)</p> <p>Related party transactions are generally those that may involve some degree of direct or indirect control or influence. Transactions with related parties should be fully disclosed.</p> <p>(EFA Accounts Direction 2014/15).</p>	<p>The pecuniary interest forms disclose the employment of family members of certain governors. Details of the individuals and salaries have been disclosed within the Financial Statements in accordance with the accounts direction 2014/15.</p> <p>Governors should be aware of this guidance and agree the disclosures made in the Financial Statements.</p> <p>We have seen from documentation provided that all transaction have taken place at arms length, connected parties are not included in any decision making, and amounts charged are at cost (or less than cost).</p>	<p>No action needed.</p>

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<p>Internal Scrutiny All academy trusts are required to establish a committee, appointed by the board of governors, to provide assurance over the suitability of, and compliance with, its financial systems and controls.</p> <p>(EFA Academies Financial Handbook 2014)</p>	<p>The academy's RO, Jason Nutkins of Strictly Education, has visited termly and produced detailed reports for each visit.</p> <p>The reports clearly detail the work carried out which is in accordance with the EFA guidance, and show no major concerns.</p>	<p>No action needed.</p>
<p>Reserves Policies Academy trusts, and charities in general, are required to include details of the Reserves Policies in the Governors' Report within the financial statements. The Reserves Policies should include details of:</p> <ul style="list-style-type: none"> • Why reserves are held • What level of reserves is considered appropriate for the academy • What the level of reserves is at the year end • How the academy trust is going to meet the desired level of reserves • How often the reserves policy is reviewed 	<p>The governors' report prepared by the academy and included in the draft accounts includes a sentence stating free reserves should be equal to 4 weeks of expenditure. Based on the financial statements, 4 weeks expenditure is approximately £165,000. The free reserves at the balance sheet date are approximately £210,000.</p> <p>The current level of reserves is consistent with this policy. The reserves policies are critical to the governors' consideration of going concern (see below).</p>	<p>No action needed.</p>
<p>Principal Risks and Uncertainties Academy trusts are required to include a statement in the governors' report identifying the major risks to which the academy is exposed and confirming that governors have reviewed the risks and put procedures in place to manage the risks.</p>	<p>The governors' report prepared by the academy and included in the draft accounts includes details of the major risks to which the academy is exposed, including strategic and financial risks.</p> <p>The governors need to continue to monitor and manage these risks wherever possible.</p>	<p>No action needed.</p>

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Going concern

As stated in the accounting policies:

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties relating to events or conditions that may cast significant doubt on ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

The governors' report also includes a statement that:

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy trust has adequate 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.

(EFA Accounts Direction 2014/15).

The governors must be satisfied that these statements can be made in the accounts.

The Academy had an excess of costs over income in 2014/15 amounting to £25,809 before depreciation, capital expenditure and actuarial gains and losses on the academy's LGPS pension scheme. This deficit has been supplemented by a transfer from free reserves. The academy's free reserves at 31 August 2015 are approximately £210,000.

The budget forecast for 2015/16 predicts a budget deficit of approximately £1,000 on revenue income. If the actual outturn for 2015/16 is in line with the budget forecast, the academy will be left with free reserves of approximately £209,000.

The academy has sufficient reserves to meet the short term deficit expected for 2015/16 and are mindful of the resources needed for future years.

Governors give careful consideration to this on a regular basis.

The governors now are budgeting 3 years in advance, and have set up a sub-committee to address any going concern issue that may arise in the future.

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B) Other areas where issues were identified during the audit	Findings, significance and recommendations	Management response / timetable for action
<p>Local Authority Capital Grant Ensure that expenditure for the balance of the SEN Space reflects the value of work done at 31 August 2015 and has been used for the purposes intended.</p> <p>Income for the grants is recognised in full in 2014/15 as the academy had entitlement, certainty and measurement of the grant receivable.</p> <p>.</p>	<p>The accounting treatment for the capital grants receivable and expenditure incurred was discussed during onsite visit and audit meetings for the year ended 31 August 2015.</p> <p>No issues have been identified and as at 31 August 2015 there are capital balances to carry forward of £5,214 against expenditure to be incurred during the year ended 31 August 2016.</p>	<p>No action needed</p>
<p>Governor appointment at Companies House It has been noted that not all governors have been included as directors at companies house.</p> <p>The Trust must notify the EFA of:</p> <ul style="list-style-type: none"> • The appointment of member and governors within 14 days of the change using the EFA information exchange. <p>(EFA Accounts Direction 2014/15).</p>	<p>All Governors are directors of the Academy and therefore their appointment or resignation if applicable should be notified to Companies House in a timely fashion.</p> <p>We have noted that the resignations of Governors had been correctly updated with Companies House, but the appointments of new Governors had not.</p>	<p>Management will address the issue, and ensure that Companies House and the EFA are updated as soon as possible.</p>

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3.2 Regularity Audit

In addition to our audit report on the financial statements the Accounts Direction also requires us to issue an assurance report on Regularity. This requirement was brought in by the EFA in 2012, together with the additional "Statement on Regularity, Propriety and Compliance" which is signed by the Accounting Officer.

We conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. 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 included 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 our conclusions included:

- Review of the Academy's systems and controls to ensure effective design;
- Confirmation of satisfactory operation of controls during the year, including authorisation of invoices, payments and salary adjustments;
- Review of a sample of expenses focussing on those nominal codes considered to include transactions of a greater risk;
- Review of the reports from internal scrutiny work undertaken during the year;
- Discussions with the Finance Team.

We anticipate that we will issue an unmodified regularity assurance report for the year, subject to the satisfactory clearance of any outstanding/unresolved the matters outlined in this report.

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Conclusion:

There were no regularity issues which need to be brought to your attention in connection with the regularity assurance engagement for the year.

The Accounting Officer needs to be satisfied that the reporting practices are effective and complete for the year under review to enable them to sign the statement of regularity in the financial statements.

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4 Taxation

4.1 Current year's tax charge

We are not aware of any activities that would give rise to a breach of HM Revenue and Customs (HMRC) thresholds for charities; accordingly we do not believe that the academy has a corporation tax liability.

The academy has been exempt from the need to prepare and submit a corporation tax return for the year ended 31 August 2015. Although there is a request from HMRC to complete a corporation tax return next year, for the year ending 31 August 2016.

Please advise if you believe there are activities that you believe may be taxable, or if you have received any correspondence from HMRC.

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5 Post management accounts adjustments

Adjustments have been made in arriving at the draft financial statements following discussions with the school's finance team. Please review these adjustments and advise us if you are not in agreement with any of them. The adjustments are as follows:

5.1 Reconciliation of audit adjustments:

	Revenue Funding	Capital Funding	Total
Surplus/(Deficit) per management accounts	23,032		23,032
Depreciation charge for the year		(134,538)	(134,538)
Bank interest received on investments not accounted for	627		627
Sales credit note provision for duplicated course fee	(443)		(443)
Unrecorded Big Lottery income	10,000		10,000
Adjusted surplus on educational activities	33,216	(134,538)	(101,322)
LGPS - SoFA cost for the y/e 31 August 2015	(31,000)		(31,000)
LGPS - Actuarial gains/(losses) for the y/e 31 August 2015	(10,000)		(10,000)
Net movement in total funds before transfers	(7,784)	(134,538)	(142,322)

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6 Unadjusted items

There were no potential adjustments identified during the course of the audit which have not been amended following discussions with the school's finance team.

We have not reported any potential adjustments which are deemed to be trivial to the accounts, either by nature or by the amount involved. For the purposes of the audit, items less than £1,000 have been deemed to be trivial level.

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7 Systems and controls

As part of our audit we are required by auditing standards to review the main systems and controls operated by the company, and report any material weaknesses to those charged with governance. Our procedures are designed primarily with a view to the expression of an opinion on the accounts. Our comments cannot therefore be expected to include all possible improvements in the internal controls that a more extensive review by Internal Audit or the Responsible Officer might identify.

- Accrued and deferred income could be reviewed on a termly, quarterly or monthly basis, in the same way that it has been done at the year end. Consideration could also be given to the posting of depreciation on a termly, quarterly or monthly basis, as well as maintaining the fixed asset register.
- Whilst the bank reconciliations are being prepared successfully throughout the year, no reconciliation was carried out as 31 August 2015. The closest reconciliation was done on 1 September 2015. Whilst this does not appear to be a much of an issue, by way of an example, this meant that the £10,000 income from Big Lottery Fund was actually included in the following year on FMS and not the current year. If the reconciliation was done up to 31 August 2015, it would have become apparent that the Big Lottery income was included on FMS dated 1 September 2015, when in fact the money was received on the 28 August 2015, and therefore would have been corrected.

Update on prior year points –

The comment made on last year's report regarding accruals accounting being implemented have taken a good step forward this year, with Accruals and Prepayments being prepared on a monthly basis, whilst accrued & deferred income are being considered at the year end.

The other comments regarding the retention of supporting documentation for the bank reconciliations and VAT returns have been improved and no issues were noted this year.

Management response –

Management have confirm that the actions required from last years points have been implemented, and the current year's points will be addressed with appropriate actions taken.

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Appendix 1

Streets Audit LLP
Potton House
Wyboston Lakes
Great North Road
Bedford
MK44 3BZ

Dear Sirs

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the academy's financial statements and as, relevant, your assurance engagement on regularity for the year ended 31 August 2015. These enquiries have included inspection of supporting documentation where appropriate. All representations are made to the best of our knowledge and belief.

General

- 1 We have fulfilled our responsibilities as governors as set out in the terms of your engagement letter dated 4 November 2015, under the Companies Act 2006 for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
- 2 All the transactions undertaken by the academy have been properly reflected and recorded in the accounting records.
- 3 All the accounting records have been made available to you for the purpose of your audit and regularity assurance engagement. We have provided you with unrestricted access to all appropriate persons within the academy, and with all other records and related information, including minutes of management meetings and correspondence with the Education Funding Agency, Department for Education and the Charity Commission.
- 4 The financial statements are free of material misstatements, including omissions.
- 5 The effects of uncorrected misstatements (as set out in the appendix to this letter) are immaterial both individually and in total.

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Internal control and fraud

- 6 We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error and which conform to the requirements both of propriety and good financial management. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
- 7 We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
- 8 We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others.

Assets and liabilities

- 9 The academy has satisfactory title to all assets and there are no liens or encumbrances on the academy's assets, except for those that are disclosed in the notes to the financial statements.
- 10 All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
- 11 We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.

Accounting estimates

- 12 Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Loans and arrangements

- 13 The academy has not granted any advances or credits to, or made guarantees on behalf of governors other than those disclosed in the financial statements.

Legal claims

- 14 We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for, and disclosed in, the financial statements.

Law and regulations

- 15 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

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Related parties

- 16 Related party relationships and transactions, comply with the academy's financial regulations, relevant requirements of the Academies Financial Handbook and have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with the requirements and guidance set out in the Companies Act 2006, the Charities SORP and the Annual Accounts Direction issued by the Education Funding Agency.

Subsequent events

- 17 All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

Going concern

- 18 We believe that the academy's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the academy's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the academy's ability to continue as a going concern need to be made in the financial statements.

Grants and donations

- 19 Grants made by the Department of Education and Education Funding Agency have been applied for the purposes intended and the Accounting Officer has ensured regular and proper use and value for money of monies received from government.
- 20 All other grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such income.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

We confirm that so far as we are aware, there is no relevant other information needed by you in connection with preparing your reporting accountant's assurance report on regularity of which you are unaware.

Each governor has taken all the steps that he/she ought to have taken as a governor in order to make themselves aware of any relevant audit/other information and to establish that you are aware of that information.

**Loughton School
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Yours faithfully

.....
Signed on behalf of the board of governors

Date.....

Loughton School Report to Governors

Appendix 2

Streets Audit LLP
Potton House
Wyboston Lakes
Great North Road
Bedford
MK44 3BZ

Dear Sirs

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as I consider necessary in connection with your assurance report on regularity to Loughton School and the Education Funding Agency (EFA) for the year ended 31 August 2015. These enquiries have included inspection of supporting documentation where appropriate. All representations are made to the best of my knowledge and belief.

General

- 1 I have fulfilled my responsibilities as accounting officer under the requirements of the funding agreement between the academy and the Secretary of State for Education dated 1 July 2013, the Academies Financial Handbook 2014.
- 2 I acknowledge my personal responsibility to Parliament for the regularity and propriety of the public finances for which I am answerable; for the keeping of proper accounts; for effective internal controls; for prudent and economical administration; for the avoidance of waste and extravagance; for achieving value for money; and for the efficient and effective use of all the resources in my charge.
- 3 I acknowledge my responsibility to notify the governing body and the EFA of any instances of material irregularity or impropriety, or non-compliance with the terms of the academy trust's funding agreement and have had due regard to the requirements of the Academies Financial Handbook 2014 in performing this duty.
- 4 Any instances of material irregularity, impropriety, or non-compliance discovered to date have been notified to the governing body and the EFA.

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- 5 Significant matters of which you should be aware have been brought to your attention including any instances of irregularity, impropriety or non-compliance with laws and regulations specific to the academy trust's authorising framework.
- 6 Full and free access has been granted to all the records, correspondence, information and explanations that you have considered necessary to enable you to perform your work.

Yours faithfully

.....
Accounting Officer

Date.....