



16 December 2020

The Trustees
Willow Tree Academy
Herringthorpe Junior School
Chatterton Drive
Rotherham
South Yorkshire
S65 2JW

Dear Sirs

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 academy's accounts for the year ended 31 August 2020.

Audit approach and areas covered

The purpose of the audit was to enable us to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of internal control.

The matters reported below are limited those to deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance.

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.

Significant difficulties

We did not encounter any significant difficulties during the audit and there are no significant findings from the audit to draw your attention.

Letter of representation

Drafts of our proposed letters of representation concerning the audit of the financial statements and the report on regularity are attached. We draw your attention to the paragraph concerning specific representations made. In other respects the letters are routine.

Corrected and uncorrected misstatements

A schedule is attached of all of the uncorrected misstatements determined during the course of our audit, except for those considered to be clearly trivial. You have already advised us that the reason for not adjusting the financial statements in respect of these misstatements is that they are not material.

For your information we also attach a schedule of the adjustments that you agreed should be processed when finalising the accounts.

Expected modifications to the auditors' report

There are no expected modifications to the auditors' report.

Material weaknesses in the accounting and internal control systems

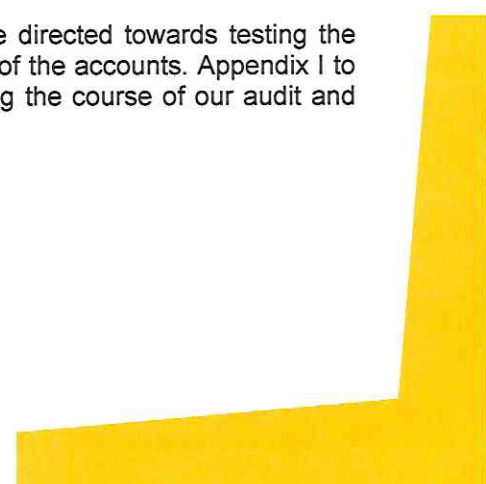
As you are aware from our letter of engagement, our audit procedures were directed towards testing the accounting systems in operation upon which we have based our assessment of the accounts. Appendix I to this letter contains details of actual and potential weaknesses identified during the course of our audit and

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our recommendations for improvements. It is not meant to be a full and accurate reflection of all weaknesses that may be present in your system.

In making our recommendations, we have considered the size of your academy and the number of staff you employ. We shall be glad if you will let us know what steps have been taken in connection with the above.

We have also included a summary of the status of our recommendations from the previous year's audit at Appendix II.

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.

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:

- (i) the additional services provided are of a routine compliance nature and the Board of Governors takes any decisions where judgement is required, and
- (ii) the firm's quality control procedures provide adequate safeguards in respect of the additional services that we provide.

Report on regularity

Matters arising from our report on regularity are set out in Appendix III attached to this letter.

We would like to take this opportunity of expressing our thanks to your staff for their assistance during the course of our audit.

Please note that this report has been prepared for the sole use of Willow Tree 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.

If we can be of any further assistance, please contact Mrs Tina Dawn Havenhand.

Yours faithfully

Marriott Gibbs Rees Wallis Limited

Marriott Gibbs Rees Wallis Limited

Appendix I

Matters arising from the audit of the financial statements

	Issue	Implications/ Consequences	Recommendations	Management Response
1	HCSS journal postings of GAG income and payroll are not always being dated or described correctly.	<p>This affects the accuracy of your bookkeeping. When preparing monthly budgets and management accounts it is more difficult to rely on the information from HCSS.</p> <p>Incorrect dates and descriptions make it more difficult to identify any errors such as underpayment of GAG in a particular month or identifying payroll discrepancies.</p>	<p>Schools should be more careful when using the copy journal function within HCSS.</p> <p>Journals should be reviewed for accuracy and income/wages should be posted in the correct month with an appropriate description.</p>	<p>SBMs to have additional training when the schools come back after Christmas.</p> <p>We will reiterate the importance of accurately entering transactions and the impact it can have on the budgets and management accounts.</p>

Appendix II

Status update on audit recommendations made in prior year (Year ended 30 August 2019)

Status Update	Current Procedure (identified in the Year ended 30 August 2019)	Possible Consequences	Recommendation	Management Response
<p>1 Depreciation calculations consistent and accurate</p>	<p>Depreciation for asset additions has not been calculated on a consistent basis at the year end. Some additions have been depreciated by a full years charge and some depreciation has been pro-rated</p>	<p>The depreciation charge in the accounts is not in line with Willow Tree's accounting policy. For the year ended 31 August 2019 this resulted in over-depreciation of the Fibonnacci Garden</p>	<p>Depreciation should be calculated monthly so that it is also incorporated into the management accounts figures</p>	<p>The fixed asset schedules are done on a monthly basis and are included in the monthly management accounts</p>
<p>2 Depreciation calculations consistent and accurate</p>	<p>Leasehold improvements have not all been depreciated using the accounting policy stated of 10 years straight line. Some have been depreciated over 125 years straight line which is the policy for long leasehold buildings</p>	<p>The depreciation charge in the accounts is not in line with Willow Tree's accounting policy. For the year ended 31 August 2019 this resulted in under-depreciation of some leasehold improvements</p>	<p>Depreciation should be calculated based on accounting policy. The fixed asset register should be updated to reflect the correct policy and the formula's should be reviewed and changed</p>	<p>This has been updated. This is now checked and carried out on a monthly basis in the management accounts</p>
<p>3 No formula errors in calculations for year ended 31 August 2020</p>	<p>There were formula errors in the fixed asset schedule used for depreciation calculations at the year end</p>	<p>On this occasion there were pro-rata adjustments still in the excel formula used which has resulted in under-depreciation of assets (mainly affected asset additions purchased in the year ended 31 August 2018)</p>	<p>Depreciation should be calculated monthly and included in the management accounts figures.</p>	<p>This is now carried out on a monthly basis in the management accounts</p>

Appendix III

Matters arising from the report on regularity

	Issue	Implications/ Consequences	Recommendations	Management Response
1	Related party transactions had not been notified in advance using ESFA's online form	Failure to notify related party transactions means there is no recorded evidence of transparency, that the transaction received sufficient oversight or was well managed	All of the requirements of the ESFA Academies Financial Handbook should be read through, specifically Section 5.40 to 5.43 The accounting officer should ensure adequate controls are in place to ensure the trust follows the rules for related party transactions	The transactions were only small and at the time were thought to be covered by an existing contract which had already been notified to ESFA. These transactions however have now been declared using ESFA's online form.

Client name: Willow Tree Academy	Prepared by: EH	Date: 9.12.20	Ref: B7
Year-end: 31-Aug-20	Reviewed by:	Date:	
File number: W199			

UNCORRECTED MISSTATEMENTS

Narrative		Extrapolated misstatements		Actual misstatements		SOFA (I&E)	Balance sheet
		DR	CR	DR	CR		
L1-1	Payroll control account			1027.95			1027.95
	PAYE				1027.95		1027.95
Misclassification of payroll control balances to year end PAYE							
L4-5	Holiday Pay - Staff wages			2509.66		2509.66	
	Holiday pay accrual				2509.66		2509.66
Holiday pay - not provided for							
Q2	Accrued income				4042		4042
	Covid 19 exceptional income			4042		4042	
Other costs claimed for re Covid 19 exceptional funding - not received to date							
Total of potential adjustments						(6,552)	(6,552)

Client name: Willow Tree Academy	Prepared by: EH	Date: 9.12.20	Ref: B7.1
Year-end: 31-Aug-20	Reviewed by:	Date:	
File number: W199			

CORRECTED MISSTATEMENTS

	Narrative	Extrapolated misstatements		Actual misstatements		SOFA (I&E)	Balance sheet
		DR	CR	DR	CR		
1	Leasehold buildings depreciation			20058		20058	
	Leasehold buildings depreciation				20058		20058
	Leasehold land depreciation			26470.76		26470.76	
	Leasehold land depreciation				26470.76		26470.76
	Computer additions			16650			16650
	Donated assets				16650	16650	
	Computer depreciation			925		925	
	Computer depreciation				925		925
	Fixed asset corrections						
2	Accrued income				12194		12194
	Accruals			12194			12194
	Internal MAT accrued income/accrued expenditure - offset						
3	Bank			31571.89			31571.89
	Trade creditors				31571.89		31571.89
	Roughwood trade creditor balance (reversal of BACS run dated 31.8.20 on HCSS)						
4	Other taxation and social security			78397			78397
	Pension creditor				78397		78397
	Disclosure journal for pension creditor						
5	SoFA expenditure			2247		2247	
	Accruals				2247		2247
	Accruals adjustments						
6	Deferred income				2333		2333
	UFSM income			2333		2333	
	Correction of deferred income provision UFSM						
7	Exceptional government funding - Covid 19 exceptional support				71290	71290	
	Other Dfe/ESFA			71290		71290	
	Insurance claims income (RF)				270655	270655	
	Other sales (UF)			270655		270655	
	Income disclosure journals						
8	Social security costs			3641		3641	
	Wages and salaries				3641	3641	
	Reanalysis of wages - correction of employers NI						
9	NC 21040 Buildings maintenance			17625		17625	
	NC 30010 Curriculum equipment				17625	17625	
	Journal correction - Herringthorpe 98" screens transferred to fixed assets from wrong nominal						
10	Restricted Fixed Asset Fund			24572			24572
	Unrestricted General Fund			10811			10811
	Change in funds as affected by above journals				35383		35383
	Total adjustments					35,383.76	35,383.76