



**Smailes Goldie Group**  
CREATING ADVANTAGE

**The Constellation Trust**  
**Management Letter**  
*for the year ended 31 August 2020*



Our Ref: NS/DJB/SIR001

The Directors  
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14/12/2020

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Dear Sirs

We present our management letter following completion of the audit of the financial statements for the year ended 31 August 2020.

We have summarised the principal findings arising from the audit in the executive summary in section 1, but would stress that our principal findings should be read in conjunction with the rest of our report. This report has been prepared for your sole use in connection with the financial matters contained therein. It should not be provided to or relied upon by any other person, used or referred to in any document, or used for any other purpose without our prior consent in writing.

We appreciate this opportunity to be of service to you. If you have any questions regarding the matters set out in this report or require us to carry out any additional work, please contact Nicola Shipley or David Burkill.

Yours faithfully



Smailes Goldie



## 1. Overview

### Context

The Academies Financial Handbook is the Education & Skills Funding Agency's (ESFA) financial guide for the governing body and managers of Academy Trusts. Drawing on the overall financial requirements specified in an Academy Trust's Funding Agreement, it describes the financial responsibilities reflecting their status as companies limited by guarantee, exempt charities and public bodies.

The Academies Financial Handbook sets out the overall governance framework for Academy Trusts and describes the key systems and controls that should be in place. It balances the need for effective financial governance with the freedoms that Academy Trusts need over their day to day business and it sets out the areas of HM Treasury's Managing Public Money that apply to trusts, and reflects the 'seven principles of public life' (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) to which public office holders must adhere. It also discusses in detail the requirements for preparing an annual trustees' report and accounts in order to comply with company law, accounting standards and Charity Commission expectations.

In June 2020 an updated Academies Financial Handbook 2019 was issued by the ESFA effective from 1 September 2019. Based on the guidance and requirements of this updated handbook the Multi Academy Trust has produced its own Financial Regulations Manual. This manual specifies the detailed financial systems and controls adopted by the Multi Academy Trust and has remained in use throughout the period ended 31 August 2020.

### Summary conclusion

Having completed our audit of the financial statements for the period ended 31 August 2020, our general observation is that the Board of Trustees has a diligent and thorough approach to fulfilling its roles and responsibilities under statute and regulations, charity law and the funding agreements applicable during the year.

Throughout the period, the finance team has taken a proactive approach to ensuring that staff and budget holders are aware of their day to day financial responsibilities within the framework of the Multi Academy Trust's Financial Regulations Manual.

In overview, we have concluded that there were no major systemic failures during the period and the Multi Academy Trust's commitment to the principles of regularity, propriety and compliance is robust.

Section 2 of this report highlights the points that were noted in last year's management letter and provides details of how the Multi Academy Trust has moved forward to resolve these.

Our detailed findings for the current year are set out in section 3. We rated our findings based on a colour coded system as follows:

**Red** A Key Concern. Action required immediately.

**Amber** A Moderate Concern. Action is believed to be required.

**Yellow** A Minor Concern. Action is believed to be required but it is not considered a significant issue.



**2. Points noted in the prior period management letter**

Area	Grading	Point noted	Recommendation	Client comments	Resolved/ unresolved
Fixed assets	Yellow	Fixed asset registers on some schools require updating	Depreciation may not be calculated correctly	Point noted. All Primary registers were up-to-date. The Secondary schools asset registers have been updated	Prior year point has been resolved
Trade creditors	Yellow	It was noted that there had been an instance of a post year end payment run being posted into the year. This did however appear to be a case of human error.	The cut-off procedures are to be reviewed.	Point noted. The Executive Finance Lead had corrected this and will initiate training at schools to prevent it occurring again.	Prior year point has been resolved
Lettings contract	Yellow	It was noted that lettings contracts did not include specific reference to the amount of the contract, though a general price list was available.	Include the contract price in the contract itself	Point noted. The Executive Finance Lead is to review all contract paperwork and ensure that new contracts include the amount of the contract.	Prior year point has been resolved

**3. Points noted during the course of the audit for the year ended 31 August 2020**

Area	Grading	Points noted	Implications	Recommendations	Client comments
Bank payment	Yellow	It was noted that on one occasion a bank payment was posted to the incorrect period. This is a case of human error	Bank and trade creditor balances are understated. It could result in over payment to creditors.	Ensuring that the values on the bank reconciliation agree to the trial balance and the bank.	Point noted. This was a case of human error. Procedures around the bank reconciliation process to be examined.

