



The Constellation Trust

Management Letter

for the year ended 31 August 2021

Σ Smailes Goldie Group
CREATING ADVANTAGE

Our Ref: NS/DJB/SIR001

The Directors
The Constellation Trust
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13 December 2021

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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 2021.

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 2020 was issued by the ESFA effective from 1 September 2020. 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 2021.

Summary conclusion

Having completed our audit of the financial statements for the period ended 31 August 2021, 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
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.	Ensure 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.	Prior year point has been resolved

3. Points noted during the course of the audit for the year ended 31 August 2021

Area	Grading	Points noted	Implications	Recommendations	Client comments
Wages Procedural	Yellow	It was noted on one instance that no contract of employment was held for an employee due to them being a TUPE transfer.	This could lead to complications on agreed terms of contract and disputes on expectations from both parties.	Ensure that all employees have a current contract which is agreed by both parties and ensure a check is carried out on all TUPE transfers to update personnel files.	<p>Care is taken to ensure all staff have a contract of employment on file wherever possible. In this instance, the member of staff selected, was a member of staff who had recently TUPE'd over to the Trust from the LA, and the records sent over for this member of staff did not contain a contract of employment and the LA have stated that they have sent over all the records they have.</p> <p>As we don't have an original copy of their contract, we can't redraft it for signature on the same terms. We could offer them to sign a new 'Trust' contract however the Trust contracts terms and conditions are not as favourable as the LA's and the employee would not sign.</p>

Contact us

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