

Report to the trustees and summary of audit findings

Mother Teresa Catholic Academy Trust

Year ended 31 August 2024

SIGNIFICANT MATTERS RELEVANT TO OUR AUDIT AND REGULARITY ASSURANCE ENGAGEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

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 business 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.

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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

Internal controls

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal controls 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 an opinion on the effectiveness of internal control. Our audit is, therefore, not designed to identify all control weaknesses and the matters reported on the attached schedule are limited to those deficiencies that we have identified during the audit.

Outstanding matters

Prior to issuing our audit report we require:

- the signed letters of representation;
- a copy of the academy's most recent management accounts showing a comparison against budget;
- signed journals.

Anticipated audit report

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

SUGGESTED IMPROVEMENTS

Level	Current Procedure	Possible Consequences	Suggested Improvement	Management Response
3 (R)	Internal scrutiny work was not completed sufficiently during the year to cover the financial risks identified and no evidence seen within the meeting minutes of a work programme being set for the year.	Lack of checks of internal processes and compliance with regulations could cause issues which go undetected until later.	Ensure a programme of work set at the beginning of the year is discussed during committee meeting and reviewed regularly during the year, including the work received looking at the areas set.	The internal scrutiny report set out was to review the merger of Frassati Catholic Academy Trust with Mother Teresa Catholic Academy Trust. Due to extremely long delays in obtaining the financial statements from the Frassati Auditors for the period ending 31.01.24, the internal auditors did not have enough time to perform the work without financial statements which were provided on 14.12.24 This will be picked up on the 2024-2025 Internal audit along with conversion of the secondary school (All Hallows)

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Level	Current Procedure	Possible Consequences	Suggested Improvement	Management Response
3 (R)	No management accounts had been prepared from February 2024 to August 2024 for the 5 new schools transferred in. Balance sheet and Cashflow information have also not been included from February 2024 to August 2024 management accounts which covered only the central MAT, St Joseph's and St Anne's schools.	Non-compliance with ESFA requirements and could mean the trustees are unaware of financial issues.	Ensure management accounts include all the information required by ESFA requirements, cover all schools and are prepared each month.	The new schools were operating on a system that was not compatible with Mother Teresa Accounts. Going forward all schools will be on the same financial platform and school as well as Trust Consolidated accounts will be produced on a monthly basis and reviewed by the MAT Board.
2 (R)	Evidence not seen in the meeting minutes that management accounts have been reviewed each time the board met.	Non-compliance with ESFA requirements and could mean the trustees are unaware of financial issues.	Ensure review of management accounts are formally documented in the board meeting minutes.	This has been added to the Board Agenda and will be reviewed and discussed at each meeting.
2	At St Margaret's no authorisation seen for charge card expenditure. At St Mary's same person seen approving expenses as the person claiming them. At St Teresa's back up missing for expense claims.	Where expenditure is not approved appropriately there can be issues with uncontrolled or inappropriate expenditure.	Ensure consistent process charge card and expense claims across all schools.	The trust will ensure that all schools will follow the processes of having expenses approved by the authorized signatory In accordance with the AFH

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Level	Current Procedure	Possible Consequences	Suggested Improvement	Management Response
2 (R)	Alcohol was purchased at St Anne's school at a value of £216.	This is clear in the ESFA requirements that no alcohol to be purchased.	Ensure all staff are aware of this requirement.	This was an oversight by the school (the wrong card) was used for the purchase and will not be repeated in future. This has been repaid to the school.
1	Verbal approval of payroll at St Margarets.	Should be some sort of formal authorisation. If there are any issues can then trace back to the formally approved information to compare.	Ensure consistent approval process for payroll across all schools.	All schools will follow the same procedure for approving payrolls going forward with the correct signatory
1 (P)	PSF is not currently used to full potential to be able to track funds for two schools. For the five schools transferred in, there is no formal system for tracking of funds.	Certain grants received have very stringent rules as to how the money can be spent. If this is not monitored could end up not having spent all of the funding or spending grant income inappropriately.	Going forward all schools will be using PSF, to ensure PSF funds are used to allocate the expenditure between the grants received.	All the schools will be using the same PSF system and additional training regarding funds analysis will be undertaken.
1 (R)	24/25 declaration of interest forms had not yet been prepared by St Margaret's or St Teresa's. Senior leaders at all five schools transferred in had not completed declaration of interest forms. Two of the trustees for the MAT had mentioned links to other entities in the meeting minutes, but these were not included on the website.	Non-compliance with ESFA rules and related parties could be missed.	Ensure a centralised process is completed for these forms and uploading to the website.	The MAT will instruct all schools on the compliance of declaration of interests and will ensure that all interests are reflected on the new website.

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Level	Current Procedure	Possible Consequences	Suggested Improvement	Management Response
1 (R)	Currently there is no MAT website including all the trustee information and MAT policies.	Does make it hard for individuals trying to find information on the MAT.	Have a MAT website which links to each of the individual schools.	There is a new website under developments which will be completed by January 2025
1 (R)	New and resigned trustee information for the MAT had not been updated on the website.	Non-compliance with ESFA rules.	Put in place a process when there are changes to trustees to ensure all information is updated in the various places required.	This has been updated and will be reflected on the new website.
1 (R)	Disclosure of staff remuneration over £100k is not disclosed appropriately on the website, with one staff member missing.	Non-compliance with ESFA rules.	To ensure to consider all staff being paid over this limit and include on the website disclosure.	This has been updated.
1	Fixed asset registers had not been kept up to date by the five schools transferred in. St Margaret's and St Teresa's had not posted depreciation to the system.	Fixed assets are not being kept track of and could be misplaced.	Ensure registers are kept up to date and match information kept in PSF.	This is being updated through the centralized team in the MAT and school will be trained on how to achieve this and monitored by the MAT team.
1	VAT had been claimed on business expenditure.	Where letting out facilities this is a business activity and therefore calculations are required to remove amounts relating to the business element of costs incurred.	Perform a review across all the schools to look at this and consider VAT implications for the MAT as a whole.	This is being reviewed by the MAT board and will instruct all schools on how this is to be done.

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1	BFR was submitted late. We are aware this was due to issues with obtaining information for the five transferred schools	Where there are financial issues late communication to ESFA could mean any additional support is slower to be obtained.	Ensure for any new schools joining the MAT, information is obtained promptly.	The BFR was submitted late as we were awaiting financial data from the Frassati Trust Auditors for the schools that were merged. This was filed on the 24.10.24. The EFSA were made aware of the delay in completing this on time.

Table Key

Level 1 – Low Level 2 – Medium Level 3 – High

P - Prior year

R – Regularity issue

Please note that this report has been prepared for the sole use of Mother Teresa Catholic Academy Trust. 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.

Regularity assurance engagement findings

We conducted our regularity assurance engagement in accordance with the Academies Accounts Direction 2024 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.

Regularity

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:

- An assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry;
- identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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.