

**BUNGAY HIGH SCHOOL AND NORTH SUFFOLK  
SKILLS ACADEMY LIMITED**  
**MANAGEMENT LETTER**  
**YEAR ENDED 31 AUGUST 2016**

Dear Sirs

In accordance with our normal practice, we are writing to highlight matters arising during the course of our audit relating to the systems, internal controls, accounting practises and governance of Bungay High School that we are required to bring to your attention and matters that the Annual Accounts Direction requires us to notify the EFA.

As you will be aware, the primary purpose of our audit is to express an opinion on the financial statements. Our examination is carried out on a test basis and should not be relied upon to detect errors or irregularities which are not material to those statements.

Yours faithfully

*Larking Gowen*

**Larking Gowen**

29 November 2016

Auditing standards require us to notify you of any significant matters that require your attention. The EFA also require details of other less significant issues.

For these purposes we therefore categorise issues as high, medium and low priority as detailed below:

<b>High Priority</b>		Matters requiring your urgent attention (within one month)
<b>Medium Priority</b>		Matters requiring your prompt attention (within 3 months)
<b>Low Priority</b>		Other matters (within 6 months)

## Issue 1: Tender procedures – Bungay High School

Medium Priority



### Issue and Implication:

In the year £1,008k has been expended for replacement windows and roof. The cost has mostly been covered by 2 CIF grants totalling 908k.

### Tendering policies:

The following are extracts from the academy's Finance Policy, dated March 2016:

#### Orders over £50,000

- 6.15 All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures. Purchases over £99,000 may fall under EU procurement rules which require advertising in the Official Journal of the European Union. Guidance on the OJEU thresholds is given in Annex 3d to the Academies Financial Handbook.

#### Tender Opening Procedures

- 6.22 All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders.
- 6.23 A separate record should be established to record the names of the firms submitting tenders and the amount tendered. This record must be signed by both people present at the tender opening.

#### Tendering Procedures

- 6.24 The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.
- 6.25 Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.
- 6.26 Full records should be kept of all criteria used for evaluation and for contracts over £50,000 a report should be prepared for the Finance Committee highlighting the relevant issues and recommending a decision. For contracts under £50,000 the decision and criteria should be reported to the Finance Committee.

From documentation received doing the audit and from discussion with Lynn Eldrett it appears that the academy has not followed the tendering policies contained in the Trust's Finance Policy.

The academy outsourced the tendering process to architects from Barker Associates, due to their technical expertise.

We have been given documentation of the 3 bids received for both the windows and the roof replacements.

Examples of tender policies that we have not been able to verify are:

- Formal summary schedule of tenders received (6.22)
- Documentation of the evaluation of supplier chosen (6.23)

Report to the Finance Committee highlighting the issues and recommending a decision.

**Recommendation:**

Where policies are in place such as the tendering policy, all staff should follow this policy, and clear records kept for the rationale if the policy is not followed. The governing body should maintain oversight over the compliance with the academy policies.

**Management response:**

Of the three bids the lowest cost was selected. The architects made a recommendation to EFA, who perform stringent best value assessments for CIF bids. The school is content that this ensures that best value has been achieved.

The Policy Statement will be revised to reflect this process more accurately.

## Issue 2: Appointment of governor – North Suffolk Skills Academy Limited

Low Priority



**Issue and Implication:**

It was noted that new governor Mike Osborn appointed 10 December 2015 has not been registered with Companies House.

**Recommendation:**

We recommend that procedures are made to ensure that changes to governors have been disclosed at Companies House.

For the Academy, changes to members and directors should also be notified to the DfE's online register Edubase.

**Management response:**

Noted. Will follow up.

### Issue 3: Detailed Fixed Asset Register – North Suffolk Skills Academy Limited

Low Priority



#### **Issue and Implication:**

There was a difference between the trial balance/nominal and the detailed fixed asset register of £5,065 (the difference is after the property has been deducted).

#### **Recommendation:**

We would recommend that a review of the detailed fixed asset register is carried out and that the trial balance or detailed fixed assets register is amended to disclose the correct position. However, bearing in mind the planned transfer of assets, this exercise may become redundant.

#### **Management response:**

Agreed not to be actioned.