

Springboard Opportunities Limited

Audit conclusions period ended 31st
March 2023

finegan
gibson Ltd
c h a r t e r e d a c c o u n t a n t s



Contents

| | | |
|----------|--|-----------|
| 1 | Introduction | 2 |
| 1.1 | Overview | 2 |
| 1.2 | Audit Fieldwork..... | 3 |
| 2 | Audit and system objectives and summary of observations | 4 |
| 2.1 | Corporate Governance..... | 4 |
| 2.2 | Monthly reporting..... | 5 |
| 2.3 | Income, credit control and debtors | 6 |
| 2.4 | Procurement, payments and creditors | 7 |
| 2.5 | Banking..... | 8 |
| 2.6 | Payroll | 9 |
| 2.7 | Fixed assets | 10 |
| 3 | Other areas | 11 |
| 4 | Management report | 12 |
| 5 | Springboard Opportunities schedule of adjusted errors | 16 |

1 Introduction

1.1 Overview

The Board of Directors of Springboard Opportunities Limited (Springboard) have engaged Finegan Gibson Ltd to provide an annual audit service and a report on our findings. This report outlines tests, findings and recommendations in light of our audit.

Finegan Gibson performed the audit fieldwork in July 2023.

The staff who participated in the 2023 audit were:

Conor Dolan (Partner)

Courtney Mills (Manager)

James Taggart (Senior)

John Morrow (Junior)

Katie Magill (Junior)

The purpose of this report is to outline our audit fieldwork and set out the matters that came to our attention during the course of our audit conducted in connection with Springboard Opportunities Limited for the period ended 31 March 2023. Our objective is to use our knowledge of the Charity gained during our audit work to make useful comments and suggestions for you to consider. However, you will appreciate that our routine audit work is designed to enable us to form an opinion on the financial statements of the companies concerned and it should not be relied upon to disclose all irregularities that may exist nor to disclose errors that are not material in relation to those financial statements.

Our report is designed to include useful recommendations that may help improve performance and avoid weaknesses that could lead to material loss or misstatement and should not be construed as a criticism of any individual.

The reports are provided on the basis that it is for the information of the Board of Directors of Springboard Opportunities Limited; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

The report details our main observations and recommendations. We also note examples of perceived risks which may arise from the observations. These risks should act only as a guide for areas which could be reviewed and do not represent the actual risks currently faced by the organisation. These matters have been discussed with finance staff and we have included their responses where appropriate, together with a summary of the agreed action plan, which may be useful as a checklist.

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by Springboard Opportunities personnel during the course of our audit.

1.2 ***Audit Fieldwork***

At our visit we began preliminary audit work, and a systems review was performed, looking at the various controls in place and assessing the risk of material misstatement. Auditing standards require us to consider the areas with the financial statements that are at greater risk of misstatement and focus our testing on those areas. The high-risk areas highlighted within Springboard Opportunities at the planning stage of the audit were:

1. **Income** – due to its materiality and revenue recognition issues; and
2. **Payroll** – due to its materiality and the volume of transactions.

It should be noted that audit testing identified no significant weaknesses in both these areas.

Throughout the audit process, further systems work took place, period-end Statement of Financial Position ('SOFP') and the Statement of Financial Activities ('SOFA') values were audited. A full audit of each category of the SOFP was performed, whilst the SOFA was tested mainly on a sample basis.

The audit covered the following areas in detail:

- General corporate governance procedures
- Monthly reporting
- Income, credit control and debtors
- Procurement, payments, and creditors
- Banking
- Payroll
- Fixed assets

2 Audit and system objectives and summary of observations

2.1 Corporate Governance

Objective

To ensure that corporate governance arrangements are adequate.

Approach

- Review of policies and procedures for assurance that the Charity is in compliance with SORP requirements
- Companies House checks
- Review of prior period management reports
- Review and discuss any litigation with management
- Review board meeting and committee meeting minutes
- Enquire on fraud issues and non-compliance with laws and regulations
- Review hospitality register
- Review financial procedures manual

Observations

- No observations noted.

Recommendations post audit

No recommendations made.

2.2 Monthly reporting

Objective

To ensure that monthly reporting is accurate and complete.

Approach

- Review of monthly management accounts
- Review of board meeting minutes

Observations

- No observations noted.

Recommendations post audit

No recommendations made.

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2.3 Income, credit control and debtors

Objective

To ensure an adequate system exists where all monies received by the Charity are accurately recorded, receipted and lodged to the bank, adequate credit control procedures are in place and the period end debtors are accurate.

Approach

- Review of a sample of 2023 letters of offer and agreements;
- Trace a large sample of income from letters of offer to the remittance advice slips and bank statements;
- Substantive testing of trading income, vouching to bank and remittance;
- Sample test credit notes for correctness;
- Trace a sample of lodgements from cash received slips to bank statements;
- Trace a sample of income remittance to Sage and Springboard system;
- Review of segregation of duties in handling income;
- Credit control procedures were reviewed for adequacy;
- Review and testing of period end debtors report balances;
- Perform cut off testing at period end;
- Perform recalculation of prepayments and accrued income;
- Discuss long outstanding debtors with management; and
- Analyse any credit balances in debtors' ledger.
- We attended out on site to discuss debtor balances before finalisation of Sage.

Observations

- During testing of debtors it was noted one debtor was not accounted for.
- During testing of income, it was noted there was one income stream which related to the next financial year included in the current year.

Recommendations post audit

See management report points 1 & 2.

2.4 Procurement, payments and creditors

Objective

To ensure the procurement system provides a transparent, fair and effective means of buying goods and/or services consistent with achieving value for money and creditor balances at the period end are accurate.

Approach

- Substantive testing of invoices for purchase orders, goods received notes and tenders;
- Sample testing of invoices for payment and correct entry onto Sage and Springboard system;
- Enquire of and test segregation of duties;
- Review of supplier statements reconciliations;
- Review and testing period end creditor control account balances;
- Cut off testing and unrecorded liability testing at period end;
- Recalculate accruals and deferred income; and
- Review of hire purchase agreements to ensure correct accounting treatment;

Observations

- No observations noted.

Recommendations post audit

No recommendations made.

2.5 Banking

Objective

To ensure appropriate systems and procedures are in place covering lodgements, withdrawals and administration of the bank accounts.

Approach

- Sample test bank reconciliations for completeness and review;
- Review bank reconciliations for old outstanding amounts;
- Check bank facility letters for correct signatories and facilities;
- Review petty cash records; and
- Agree bank balances at period end to bank audit letter.

Observations

- During testing of the bank mandate, it was noted that one individual is included on the mandate who is no longer a trustee.
- During testing of the bank accounts, it was noted free cash reserves are not held in a high interest deposit account and potentially losing out on interest income.

Recommendations post audit

See management report points 3 & 4.

2.6 Payroll

Objective

To ensure bona fide employees are remunerated at agreed levels within agreed timescales and that the administration and recording of payroll is performed efficiently and effectively.

Approach

- Test payroll for correct review and authorisation;
- Review and test pay scales and approval of increases;
- Sample test employee personnel files for prior employment P45s, binding contracts and security clearance etc;
- Reconcile hours worked to hours paid;
- Sample test joiners and leavers for completeness and accuracy;
- Review timesheets for signatures and approval;
- Review expense claims for completeness;
- Review and test overtime and bonus payments;
- Sample test mileage claims, ensure mileage is appropriately taxed;
- Agree PAYE payments to bank and revenue documentation;
- Recalculate payslip PAYE and NIC;
- Discuss benefit in kind taxation with management;
- Recalculate wages accrual;
- Vouch period end PAYE to records and bank; and
- Reconcile period end payroll records to Sage and Springboard system.

Observations

- No observations noted.

Recommendations post audit

No recommendations made.

2.7 Fixed assets

Objective

To ensure fixed assets are secure, identifiable, insured and accounted for appropriately.

Approach

- Review fixed asset register for completeness;
- Recalculate depreciation;
- Review lease treatments for correct accounting treatment;
- Consider building valuation;
- Consider building classification;
- Review repairs and maintenance accounts for additional fixed asset additions;
- Review additions invoices for capital expenditure; and
- Review additions for compliance with procurement procedures.

Observations

- It was noted during testing of fixed assets, the fixed asset register does not agree to the nominal codes on the Sage Accounting system.

Recommendations post audit

See management report point 5.

3 Other areas

Audit opinion

The results of our audit work indicate that the financial statements presented are free of material misstatements and are represented fairly in accordance with Generally Accepted Accounting Principles (GAAP) applicable to the entity. Thus we have issued an unqualified audit report on the financial statements.

Going concern

During the course of the audit, we did not identify or become aware of any events or conditions that may cast a significant doubt on the entity's ability to continue as a going concern. As a result, we concur with your assessment that the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements.

Fraud

Auditing standards require us to report any identified frauds, indications of fraud or any other relevant matters related to fraud. We have nothing to report in this regard.

Laws and regulations

No matters involving non-compliance with laws and regulations came to our attention during the course of the audit.

Misstatements

During the course of the audit, a number of misstatements were identified. These have been recorded within Springboard schedule of recorded errors.

Related parties

You have confirmed to us your knowledge of related party transactions and we have nothing further to report in this regard.

Subsequent events

We performed procedures designed to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and the date of the audit report that require adjustment, or disclosure in, the financial statements have been identified. Audit procedures identified no such subsequent events.

4 Management report

In light of the preceding observations, Finegan Gibson has developed the following management report.

This report highlights control weaknesses and recommendations in Springboard which came to our attention during the audit fieldwork performed. The information is only provided for the attention of the Board.

On our Management Report, we have graded our observations:

- Grade 1 - An issue which requires urgent management decision and action without which there is a substantial risk to the achievement of key objectives, or to the reputation of the organisation.
- Grade 2 - An issue which requires prompt attention, as failure to do so could lead to a more serious risk exposure.
- Grade 3 - Improvements that will enhance the existing control framework and/or represent best practice.

We can confirm a total of 5 recommendations within this report, which include no grade one observations, 4 grade two observations and 1 grade three observations.

| Ref | Observation | | | Recommendation | Management response | Action | |
|---|---|---|-------|--|--|------------------------|----------|
| | Issue | Risk | Grade | | | Responsibility | Deadline |
| <i>Income, credit control and debtors</i> | | | | | | | |
| 1. | During testing of debtors it was noted one debtor was not accounted for. | <ul style="list-style-type: none"> Increased risk of misappropriation of funds. Material misstatement as there is a possibility of duplication. | 2 | Debtor control account reconciliations should be performed on a monthly basis and reviewed by management. | Noted: invoice will be generated before year end. | Senior Finance Officer | |
| 2. | During testing of income, it was noted there was one income stream which related to the next financial year included in the current year. | <ul style="list-style-type: none"> Increased risk of misappropriation of funds. Material misstatement as there is a possibility of duplication. | 2 | Income should be accounted for in the financial year which it relates to. If income is received in advance, it should be accounted for as deferred income. | With Finegan Gibsons support deferred income code to be set up and then we understand any amounts will need to be released to the relevant financial year. | Senior Finance Officer | |

| Ref | Observation | | | Recommendation | Management response | Action | |
|----------------|---|--|-------|--|-----------------------|--------------------|----------|
| | Issue | Risk | Grade | | | Responsibility | Deadline |
| <i>Banking</i> | | | | | | | |
| 3. | During testing of the bank mandate, it was noted that one individual is included on the mandate who is no longer a trustee. | <ul style="list-style-type: none"> There is an increased risk of loss of funds where signatories include individuals who are no longer working with the organisation. | 2 | Bank mandates should be retained on file for all bank accounts, reviewed on a regular basis and kept up to date. | Noted: to be amended. | Executive Director | |
| 4. | During testing of the bank accounts, it was noted free cash reserves are not held in a high interest deposit account and potentially losing out on interest income. | <ul style="list-style-type: none"> There is a risk the organisation could be losing out on potential interest income. | 3 | The organisation should review the use of all the bank accounts and consider opening a high interest deposit account to allow free cash reverses to earn interest. | | | |

| Ref | Observation | | | Recommendation | Management response | Action | |
|---------------------|--|---|-------|--|---|------------------------|----------|
| | Issue | Risk | Grade | | | Responsibility | Deadline |
| <i>Fixed Assets</i> | | | | | | | |
| 5. | It was noted during testing of fixed assets, that on 2 occasions out of 4 tested fixed asset additions were not added to the fixed asset register. | <ul style="list-style-type: none"> ▪ Misstatement of asset values in financial statements. ▪ Complete and accurate management information may not be readily available to inform decision making. | 2 | <p>The Fixed Asset Register should be reviewed on a regular basis by senior management.</p> <p>The fixed asset register should be updated on a timely basis and agree to the Sage Accounting System.</p> | Noted: Fixed Asset Register will be reviewed and updated as required. | Senior Finance Officer | |

5 Springboard Opportunities schedule of adjusted errors

Adjusted audit differences:

| No. | Nature/reason | Account | Adjusting journals | | Adjusted SOFA effect £ | Adjusted B/S effect £ |
|---|-------------------------------------|---------|--------------------|--------|---------------------------|--------------------------|
| | | | Dr | Cr | | |
| 1. | Prepayments & Accrued Income | 1103 | | 10,679 | | (10,679) |
| | Insurance | 7150 | 3,626 | | (3,626) | |
| | Telephone | 7300 | 636 | | (636) | |
| | Computer Maintenance | 7301 | 5,040 | | (5,040) | |
| | Printing, Photocopying & Stationery | 7351 | 244 | | (244) | |
| | Light & Heat | 7501 | 384 | | (384) | |
| | Cleaning | 7503 | 505 | | (505) | |
| | Professional Fees | 7900 | 243 | | (243) | |
| Journal to correct the reversal of the prior year prepayments. | | | | | | |
| 2. | Intercompany transactions | 1105 | 1,900 | | | 1,900 |
| | Redundancy | 7003 | | 1,900 | 1,900 | |
| Journal to correct intercompany transactions. | | | | | | |
| 3. | Computer Equipment Depreciation | 0031 | 1,907 | | | 1,907 |
| | Depreciation - Computers | 8000 | | 1,907 | 1,907 | |
| Journal to correct computer depreciation to agree to the FAR & write off old brought forward difference. | | | | | | |
| 4. | Furniture/Fixture Depreciation | 0041 | | 63 | | (63) |
| | Furniture/Fixture Depreciation | 8001 | 63 | | (63) | |
| Journal to correct Fixture and Fittings depreciation to agree to FAR. | | | | | | |
| 5. | Accruals | 2109 | 2,500 | | | 2,500 |
| | Keltbray Group | 4125 | | 2,500 | 2,500 | |
| Journal to release prior year deferred income. | | | | | | |
| 6. | Accruals | 2109 | 260 | | | 260 |
| | Printing, Photocopying & Stationery | 7351 | | 260 | 260 | |
| Journal to write off immaterial brought forward accrual difference. | | | | | | |

| No. | Nature/reason | Account | Adjusting journals | | Adjusted SOFA effect | Adjusted B/S effect |
|--|------------------------------|---------|--------------------|----------------|----------------------|---------------------|
| | | | Dr | Cr | £ | £ |
| 7. | P.A.Y.E. & NIC | 2210 | | 20 | | (20) |
| | Local Trainer Fees | 7100 | 20 | | (20) | |
| Journal to correct posting to incorrect nominal code. | | | | | | |
| 8. | Salaries | 7000 | 19,217 | | (19,217) | |
| | Pension costs | 7002 | | 19,217 | 19,217 | |
| Journal to reallocate employee pension costs. | | | | | | |
| 9. | Prepayments & Accrued Income | 1103 | 2,463 | | | 2,463 |
| | Belfast City Council B2P | 4112 | | 2,463 | 2,463 | |
| Journal to account for debtor at year end. | | | | | | |
| 10. | Accruals | 2109 | | 25,414 | | (25,414) |
| | Spirit of 2012 Trust | 4115 | 25,414 | | (25,414) | |
| Journal to defer Spirit of 2012 Trust income received in advance. | | | | | | |
| 11. | Accruals | 2109 | | 65,644 | | (65,644) |
| | Partner Payments | 7266 | 57,621 | | (57,621) | |
| | Audit Fees | 7901 | 6,226 | | (6,226) | |
| | Foreign Exchange Gain/Losses | 7906 | 1,797 | | (1,797) | |
| Journal to account for additional accruals. | | | | | | |
| 12. | Loans | 2300 | | 12,280 | | (12,280) |
| | Partner Payments | 7266 | 12,000 | | (12,000) | |
| | Travel – Local | 7205 | 280 | | (280) | |
| Journal to correct year end loan balance. | | | | | | |
| TOTAL AUDIT ADJUSTMENTS | | | 142,347 | 142,347 | (105,070) | (105,070) |