

Our ref: PH/SB/112901

29 November 2019

The Governors  
 Lighthouse School  
 Arthington House  
 Hospital Lane  
 Cookridge  
 Leeds  
 LS16 6QB

Dear Sirs

**LIGHTHOUSE SCHOOL**  
**MANAGEMENT LETTER FOR THE YEAR ENDED 31 AUGUST 2019**

**Audit approach and areas covered by the audit**

Our audit of Lighthouse School was risk-based and we adopted a substantive approach that focussed on the testing of key balance sheet areas and a various samples of transactions during the year.

**Audit findings**

As a result of the procedures which we undertook as part of our audit work on the Lighthouse School for the year ended 31 August 2019 the following matters were identified:

<b>Issue (Risk level)</b>	<b>Description</b>	<b>Response</b>
<b>Recognition of income (High)</b>	Income such as the Ahead Partnership agreement, should be recognised when the school is entitled to it rather than when it is received in the bank.	<i>This will be checked carefully when each set of management accounts are produced. A training session will be arranged for the finance staff to explain the principles of accrual accounting.</i>
<b>Categorisation of donations received (Low)</b>	If a donation is received for fixed assets then it should be recognised as capital income. This would ensure it is used for the purpose for which it is intended and would prevent it being used for revenue expenditure.	<i>Noted and will recorded correctly going forward.</i>

<p>The following issues were identified from the review of internal systems and controls during the year:</p>		
<p><b>The trust's financial forecasts do not receive an independent review by someone with a professional qualification and/or experience (Low)</b></p>	<p>Financial forecasts to receive independent examination by a person with appropriate knowledge to ensure accuracy and feasibility of forecasts.</p>	<p><i>At a meeting of the Trust's Finance Meeting it was agreed that future financial year forecasts would be reviewed by a governor with financial expertise (DC), prior to going to the Finance Committee for approval. The visit to be noted in governor records.</i></p>
<p><b>Pecuniary interests of governors are not published on the school website in accordance with the Academies Financial Handbook (High)</b></p>	<p>Pecuniary interests of governors are published on the school website.</p>	<p><i>To be updated by 30 November 2019 following the meeting of the trustees on the 27 November</i></p>
<p><b>Key finance personnel have not performed a self-evaluation of financial competencies (Low)</b></p>	<p>Key finance personnel should perform a self-evaluation of competencies to highlight any skills gaps that may need addressing with additional training.</p>	<p><i>Noted – A self-assessment exercise for staff &amp; Trustees with financial responsibilities is planned for early in the Spring term. (A self-evaluation package of financial competencies has been sourced)</i></p>
<p><b>Delivery notes are not always signed and dated by the member of staff checking to the purchase order (Medium)</b></p>	<p>Staff to tick individual items on delivery notes to purchase orders and sign and date, to ensure all goods received or if any omissions these are reflected in the invoice.</p>	<p><i>Noted – Implements for 2019-2020 financial year.</i></p>
<p><b>Payments may be missed if the Business Manager is absent (Medium)</b></p>	<p>Other finance staff to be trained how to make BACS payments.</p>	<p><i>Arrangements are in place to add an additional trustee to the banking mandate.</i></p> <p><i>(Matt Cryer to be added to the mandate to sign cheques. In addition, JA to be able to stage BACS payments and PS (clerk to the trustees) to be a backup approver in the event of KA's absence).</i></p>

**Status of audit recommendations from the previous year**

<b>Issue (Risk level)</b>	<b>Description</b>	<b>Status</b>
<b>Register of interest (medium)</b>	The Chief Executive Officer of the Trust is the Chair of Governors. This is not on the register of interests spreadsheet.	This has now been updated
<b>Monthly reporting (high)</b>	Transactions are entered by the Business Manager and reporting reviewed by the same individual.  Management accounts do not include the balance sheet.	A finance assistant has now been employed  Management accounts now include a balance sheet.

Gibson Booth, Chartered Accountants, accepts no liability to anyone other than the company as a result of this letter.

Yours faithfully



GIBSON BOOTH