

Our ref: AM/SB/120304

3 December 2020

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

Dear Sirs

LIGHTHOUSE SCHOOL
MANAGEMENT LETTER FOR THE YEAR ENDED 31 AUGUST 2020

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 2020 the following matters were identified:

Issue (Risk level)	Description	Response
Categorisation of donations received (Low)	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>Agreed. This will advice will be followed going forward.</i>

The following issues were identified from the review of internal systems and controls during the year:		
Issue (Risk level)	Description	Response
The trust's financial forecasts do not receive an independent review by someone with a professional qualification and/or experience (Low)	Financial forecasts to receive independent examination by a person with appropriate knowledge to ensure accuracy and feasibility of forecasts.	<i>A Governor has now been appointed who is a qualified auditor. In future, they will review the financial forecasts as part of a programme of internal scrutiny to be agreed.</i>
Key finance personnel have not performed a self-evaluation of financial competencies (Low)	Key finance personnel should perform a self-evaluation of competencies to highlight any skills gaps that may need addressing with additional training.	<i>The self-evaluation has been circulated to the relevant staff and will be completed and reviewed at the next meeting of the Governors Audit Committee.</i>
Payments may be missed if the Business Manager is absent (Medium)	Other finance staff to be trained how to make BACS payments.	<i>The finance assistant has now been trained to create BACS files from the Access accounts system. We are in the process of changing the bank mandate to allow the Finance Assistant to be able to upload these to the bank but without having authority to approve payments.</i>
Differences on control accounts / detailed reports to balance sheet report (High)	Investigate and explain all differences on control accounts to ensure that all income and expenditure is included within the accounts.	<i>This has arisen only due to Covid19. At the start of lockdown and the school finance staff had no remote access to the accounting system. Some invoices were received as hard copies rather than by email and there was a delay between their receipt and payment. In the meantime, a bank reconciliation was made, which showed no outstanding payments. However, due to the limited remote access. It was not possible to print the report. Invoices received late were then input to the system and as they were dated March or earlier, the figures already reconciled were altered. This situation will not occur again as we have now purchased a web based accounting system that can be accessed anywhere. Should invoices be received after the month end, we would seek advice from the auditors as to how to process these.</i>

Status of audit recommendations from the previous year

Issue (Risk level)	Description	Status
Recognition of income (High)	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.	Ahead Partnership income has been correctly included in accrued income
Categorisation of donations received (Low)	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	Issue still pertinent

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

Yours faithfully



GIBSON BOOTH