

LOH/RIG

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Dear Governors

MANAGEMENT LETTER

During the course of our audit and regularity assurance engagement for the period ended 31 August 2020 a number of matters arose which we consider should be brought to your attention.

Accompanying this letter is a memorandum noting these points together with any recommendations we have for possible improvements which could be made.

These matters came to light during the course of our normal audit and assurance tests which are designed to assist us in forming our opinion on the financial statements and to provide a limited assurance conclusion on regularity. Our tests may not necessarily disclose all errors or irregularities and should not be relied upon to do so. However, if any irregularity did come to our attention during our audit tests, we would, of course, inform you immediately.

This report has been prepared for the sole use of the Governors of The Lanesend Primary. We understand that you are required to provide a copy of this report to the Education and Skills Funding Agency. With the exception of this, the reports should not be shown to third parties without our prior consent. No responsibility is accepted by James Cowper Kreston towards any party acting or refraining from action as a result of this report.

Yours faithfully



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Priority	Control weakness identified	Potential implications and recommendations	Management response / timetable for action
High	An invoice for landscaping services was approved without obtaining at least two quotes as required for expenditure between £5k to £10k, per the financial procedures handbook.	<p>This could result in expenditure being incurred that is not the best value for money.</p> <p>We recommend following the procedures in the financial procedures handbook.</p>	The permanent Finance Manager has now returned to her position and is following the procedures in the financial procedures handbook.
Medium	Three invoices selected during our sampling were evidenced as not being signed by the headteacher to document approval for payment.	<p>This could lead to unauthorised expenditure being incurred.</p> <p>We recommend that all invoices are signed prior to payment as evidence that they have been authorised.</p>	As above the permanent Finance Manager has now returned to her position and is following the procedures.
Medium	The 2019 year end audit journals duplicated resulting in year end balances per the trial balance not matching the client breakdown schedules.	<p>This could lead to misstatement of both creditor and debtor balances in the year end financial statements.</p> <p>Agree creditors, accruals, deferred income, accrued income, prepayments and debtor balances per the trial balance to the breakdowns of those balances at the year end and investigate and correct any differences.</p>	Ongoing reconciliation of creditors, accruals, deferred income, accrued income, prepayments and debtors throughout the year once opening balances corrected as per the finalised accounts
Low	While the fixed asset register had been updated for depreciation, the depreciation charge and additions had not been posted to the trial balance.	<p>This could lead to fixed assets being over or under stated at the year end in the financial statements.</p> <p>We recommend that in addition to updating the FAR for the depreciation this update should also include additions and these amounts should also be posted to the trial balance.</p>	We will continue to keep the FAR updated monthly, we will then calculate any depreciation at the year end and post the journal to the trial balance at end of year.

Update on findings/recommendations from previous years:

Control identified	weakness	Potential implications and recommendations	Status in current year	Management response / timetable for action
The client sent out payrise letters to employees with trivially wrong annualised salaries.		<p>This could leave the school open to litigation if the amounts paid are lower than the amounts sent out to employees.</p> <p>Check the salary calculations with the payroll provider before sending out payrise letters to ensure method of calculation is correct.</p>	This issue has now been rectified.	The Finance Manager has now returned from temporary leave and has performed a review of pay for all employees.