

KNIGHTSFIELD SCHOOL

MANAGEMENT LETTER

**FOR THE YEAR ENDED
31 AUGUST 2017**

The Trustees
Knightsfield School
Welwyn Garden City
Hertfordshire
AL8 7LW

November 2017

Dear Sirs

Management letter for the year ended 31 August 2017

We list below the issues that arose during the audit of the financial statements of Knightsfield School (“the academy”) for the year ended 31 August 2017, that we believe were appropriate to formally document for the attention of the Trustees.

Set out below are our observations, together with the impact and our recommendations, to which management are asked to formally respond so that their comments may be recorded and noted in this letter. You should assess our recommendations for their full commercial impact before they are implemented.

Our audit work is designed primarily to enable us to express an opinion on the financial statements as a whole and cannot be relied upon to reveal all the weaknesses in the academy’s systems and internal controls. Our points include only those matters which came to our attention during our audit and should not be regarded as a comprehensive statement of all weaknesses that exist or of all improvements that might be made. This report has been prepared solely for the confidential use of the academy and should not be disclosed to third parties, without written consent.

We would like to take this opportunity to thank all of the staff involved for their help during the audit.

Yours faithfully

Hillier Hopkins LLP

Observation	Recommendation	Management Response	Action/timetable
Observations highlighted for the year ended 31 August 2017:			
<p>Segregation of duties Risk: Low</p> <p>During our audit procedures, we noted that all the steps of the bank reconciliation are performed by the Business Manager.</p> <p>Implication: Not having a review process when reconciling the bank increases the risk of errors not being identified.</p>	<p>We recommend that all bank reconciliations are reviewed by someone separate to the preparer. Due to the small size of the finance team, this could be the accounting officer. This will reduce the risk of error occurring.</p>	<p>The A.O already reviews the bank statements on a monthly basis and signs to confirm the closing balance on the bank statement agrees to the closing balance on FMS. Your comment was discussed by Trustees. It agreed it is not realistic for the A.O to review any further.</p>	
<p>Completion of expense forms Risk: Low</p> <p>During our audit testing, we noted that on one occasion an employee expense form had not been signed by the employee submitting the claim, but had been signed as authorised.</p> <p>Implication: There is a risk that incomplete/inaccurate expense claims may be authorised where forms have not been properly completed and signed by the employee claiming.</p>	<p>We recommend that evidence is documented of both parties confirming agreement to expense claims before being authorised for payment.</p>	<p>It is usual practice for claims to be signed by both parties, and is evidenced on the vast majority of claims. An email has been sent to all staff reminding them of procedures.</p>	

<p>EFSA Funding Risk: Low</p> <p>It was noted during the audit testing that an actress was used in the recruitment process when hiring the new Headteacher.</p> <p>Implication:</p> <p>Although this is not considered to be a breach of regularity, the academy should consider how spending of ESFA funding may be perceived by parents and the general public.</p>	<p>We recommend that care is taken when spending funds on educational activities, ensuring that expenses are in line with guidance and would not be subject to scrutiny from external interested parties.</p>	<p>This expenditure was agreed by a previous Chair of Trustees.</p> <p>Expenditure of this nature would not be approved by the current Trustees.</p>	
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Observation	Recommendation	Management Response 2016	Update on action point 2016
Follow up of observations noted for the year ended 31 August 2016:			
<p>Personnel files Risk: Low</p> <p>During our audit procedures, we noted that personnel files are not updated with respect to the employees' current salary increments.</p> <p>Implication: There is a lack of records outside of the payroll reports to confirm the current employees' pay.</p>	<p>We recommend that the academy continues to update the employee files with details of changes in pay and terms or conditions. In addition we recommend that the academy extends this to include salary increments. This will reduce the chance of any disputes with staff members.</p>	<p>From 2017 support staff employees PM outcome letters will include confirmation of their current pay spine and incremental point. Future changes in terms and conditions will continue to be confirmed to staff via letter</p>	<p>No issues noted in current year.</p>