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MEMBER  
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Members of the Board of Education of  
Madison County School District  
Richmond, Kentucky

In planning and performing our audit of the basic financial statements of Madison County School District for the year ended June 30, 2014, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated September 29, 2014, contains our report on the District's internal control. This letter does not affect our report dated September 29, 2014, on the financial statements of the Madison County School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and their implementation is currently being reviewed. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of management, the members of the Madison County Board of Education, others within the District, the Kentucky Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Stiles, Carter &amp; Associates".

Certified Public Accountants  
Elizabethtown, Kentucky  
September 29, 2014

## CURRENT YEAR COMMENTS

### B. MICHAEL CAUDILL MIDDLE

#### SEGREGATION OF DUTIES

We noted that the bookkeeper photocopies the checks/records receipts on the deposit ticket, records revenues in the accounting system, takes the deposit to the bank, enters invoices into the accounting system, prints the checks, matches invoices to checks, mails the checks, clears the checks in the accounting system, and reconciles the bank account. The Redbook recommends that these duties be segregated.

#### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

#### EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

We noted the following external support/booster organizations submitted bank statements and checkbook registers in place of the annual financial report, did not list receipts and expenses by category: Archery, Baseball, Boys & Girls Basketball, Cheerleading, Dance, Football, Boys & Girls Soccer, Softball, Track, and Volleyball.

#### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

#### INVENTORY CONTROLS

We noted form F-SA-2B, Fundraiser Worksheet, for Carter Caves Old Fashioned Candy sales showed 52 cases of variety candy ordered for resale by students during the months of February-May without use of Form F-SA-5, Inventory Controls.

#### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

#### PURCHASE ORDERS

We noted check 2115, dated 9/24/13 and written to Jim's Lock & Key Service in the amount of \$40.50 for keys to the gym & outside facilities, had a purchase order attached to the check that was dated 9/23/13 and an invoice dated 9/18/13, five days before the purchase order date. We also noted that this purchase was paid from the Sports Fund. Operational purchases are disallowed from student activity funds.

We noted check 2093, dated 9/13/13 and written to Madison Co. Board of Education in the amount of \$1,018.72 for bus travel reimbursement, had a purchase order attached to the check that was dated 9/12/13 and an invoice dated 9/1/13, 11 days before the purchase order date.

We noted check 2148, dated 10/09/13 and written to Peggy Blankenship in the amount of \$100.00 for Chicago trip refund, had a purchase order attached to the check that was dated 11/7/13 and an invoice dated 10/2/13, 36 days before the purchase order date.

#### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **B. MICHAEL CAUDILL MIDDLE – CONTINUED**

### **MULTIPLE RECEIPT FORMS**

We noted a deposit dated 8/23/2013 in the amount of \$7,087.36 contained two form F-SA-6, Multiple Receipt Forms, in the total amount of \$6,000 for Chicago trip collections did not contain student signatures, but instead were completed by the person remitting the forms.

We noted a deposit dated 1/8/2014 in the amount of \$2,277.92 contained form F-SA-6, Multiple Receipt Form, in the amount of \$853.98 for Washington DC Wholesale Boutique orders did not contain student signatures, but instead was completed by the person remitting the form.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **CLARK-MOORES MIDDLE**

### **SEGREGATION OF DUTIES**

We noted that the Bookkeeper is performing the following duties: entering invoices into the accounting system, printing the checks, and matching the invoices to the checks. The Redbook recommends that these duties be segregated.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **INVENTORY CONTROLS**

We noted form F-SA-5, Inventory Control, for Boys Soccer concessions did not list deliveries or collections on any of the forms completed during August. Total beginning and ending inventories were different on each of the three forms submitted.

We noted form F-SA-5, Inventory Control, for Football concessions did not calculate Subtotal A and B. Once calculated, an overage for the month of August exists in the amount of \$2,416.70 without any explanation.

We noted form F-SA-5, Inventory Control, for Girls basketball concessions incorrectly calculated Subtotal A and B. Once correctly calculated, an overage for the month of September exists in the amount of \$375.75 without any explanation. Once correctly calculated, a shortage for the month of August exists in the amount of \$387.26 without any explanation.

We noted the stop-n-shop operates as a bookstore, buying and selling items to students, without the use of form F-SA-5, Inventory Control.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **CLARK-MOORE'S MIDDLE – CONTINUED**

### **MULTIPLE RECEIPT FORMS**

We noted that the deposit made on 10/11/13 in the amount of \$1,518.47 had an attached Multiple Receipt Form (F-SA-6) for Archery Team fees totaling \$365.00 where the students' signatures were signed by one person.

We noted that the deposit made on 9/10/13 in the amount of \$6,522.68 had attached Multiple Receipt Forms (F-SA-6) for the Cherrydale Fundraiser for the total amount of \$6,452.68 where the students' signatures were signed by one person.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **INAPPROPRIATE FUND**

We noted a deposit dated 10/11/13 in the amount of \$1,518.47 had an attached Multiple Receipt Form (F-SA-6) for a Target donation that was deposited into the Teachers' Appreciation Fund. The intended purpose of this donation was for books, field trips, art supplies or new technology.

We noted check 9045 dated 8/14/2013 in the amount of \$600 written to Matt Bailey for labor and installing of mailboxes from the FT-MCBE account. Operational items should not be purchased from school activity funds.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **DANIEL BOONE ELEMENTARY**

### **SEGREGATION OF DUTIES**

We noted that the bookkeeper photocopies checks/records receipts on the deposit ticket, records revenue in the accounting system, and takes the deposit to the bank. The Redbook recommends that these duties be segregated.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **PURCHASE ORDERS**

We noted check #1974 written for PO #0734 dated 9/30/2013 for \$285.85 was for invoice #153138699 dated 9/10/2013 in the amount of \$16.94, invoice #152829754 dated 8/20/2013 in the amount of \$154.91, and invoice #152732048 dated 8/13/2013 in the amount of \$114. The PO was completed after the items were ordered. The Redbook requires purchase orders to initiate purchases. We also noted payment was made from the General fund and should have been the Teachers Lounge fund.

We noted check #1988 written for PO #744 dated 10/15/2013 was for invoice #34635 dated #9/4/2013. The PO was completed after the items were ordered. Redbook requires purchase orders to initiate purchases.

We noted check #2000 written for invoice #153770787 dated 10/22/2013 and invoice #154090255 dated 11/12/2013 contained a request to purchase that was missing the principals signature and was not dated, it contained the invoice numbers on it which indicates the purchase was made before approval. We also noted there was no purchase order form completed and there was no purchase order number listed on any of the documents.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **FARRISTOWN MIDDLE**

### **SEGREGATION OF DUTIES**

We noted the school's bookkeeper is performing the following duties: photocopying checks/recording receipts on the deposit ticket, recording revenue into the accounting system, taking the deposit to the bank, entering invoices into the accounting system, printing checks, and matching invoices to checks. The Redbook recommends that these duties be segregated.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **MULTIPLE RECEIPT FORMS**

We noted that the deposit made on 3/21/14 in the amount of \$2344.18 had a Multiple Receipt Form (F-SA-6) attached for track fees totaling \$1,020.00 where the students' signatures were completed by one person.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **UNTIMELY DEPOSITS**

We noted that the deposit made on 8/15/13 in the amount of \$896.00 had a Multiple Receipt Form (F-SA-6) attached for soccer fees totaling \$770.00, enclosed with the form were copies of nine checks that were dated 8/8/13 and one dated 8/9/13. Redbook requires that any receipts over \$100 be deposited the next business day.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **FOLEY MIDDLE**

### **SEGREGATION OF DUTIES**

We noted the school's bookkeeper performs the following duties: photocopies checks/records receipts on the deposit ticket, records revenue into the accounting system, takes the deposit to the bank, approves invoices, enters invoices into the accounting system, prints the checks, and matches that invoices to the checks. The Redbook recommends that these duties be segregated.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **CASH ADVANCES**

We noted check #6667 dated 1/10/2014 in the amount of \$200 for a cash advance for Lucy Link for food at a drill team competition. Of the \$200 \$85.98 was spent on food. The remaining \$114.02 was not returned until 1/29/2014, 17 days after the food was purchased for the competition. Redbook requires cash advances to be returned the next business day after a competition or event.

We noted check #6626 dated 12/6/2013 in the amount of \$200 for a cash advance for Lucy Yess to be used towards food at a competition on 12/8/2013 was not returned until 12/18/2013. Redbook requires cash advances to be returned the next business day after a competition or event.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## FOLEY MIDDLE – CONTINUED

### CREDIT CARDS

We noted a Credit Card sign In/Out for, F-SA-13, was completed for the School's Wal-Mart Credit Card but did not complete a separate form for each credit card. Redbook requires that there be a separate identification for each credit card.

### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

### FUNDRAISERS

We noted form F-SA-2B, Fundraiser Worksheet, and form F-SA-17, Sales From Concessions/Bookstore/School/Pencil Machine Form had not been prepared for the Iphone Covers, Headgear, and T-Shirts sale benefiting the Renaissance fund. Redbook requires F-SA-2B and F-SA-17 to be completed for the sale of purchased merchandise.

We noted form F-SA-2B, Fundraiser Worksheet, and form F-SA-17, Sales From Concessions/Bookstore/School/Pencil Machine Form had not been prepared for the Girls Basketball T-Shirt sale. Redbook requires F-SA-2B and F-SA-17 to be completed for the sale of purchased merchandise. We also noted that F-SA-5, Inventory Control Worksheet, had not been properly completed. Total deliveries had been subtracted from Beginning Inventory to arrive at Subtotal A when it should have been added to yield a subtotal of \$940. Ending Inventory was subtracted from Total Value of Collections to yield Subtotal B when it should have been added to it to yield \$410. There is an unexplained \$530 variance. We also noted F-SA-5 had not been completed monthly as required by Redbook.

### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

### INVENTORY CONTROL

We noted F-SA-5, Inventory Control Form, had not been completed monthly from May-September and after December for the Pencil/Paper Machine. Redbook requires F-SA-5 to be completed monthly.

### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

### EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

The Softball and Baseball boosters did not submit an Annual Financial Report for 2013-2014.

### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

### PURCHASE ORDER

We noted check 6498 dated 9/30/2013 in the amount of \$1,575.26 written to Kenway for the purchase of resealing the gym floor from the Athletic fund did not contain form F-SA-7, Purchase Order.

We noted check 6705 dated 2/7/2014 in the amount of \$397.50 written to Prosigns contained form F-SA-7, Purchase Order, that was not dated.

### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **FOLEY MIDDLE - CONTINUED**

### **STANDARD INVOICE**

We noted check 6624 dated 12/6/2013 in the amount of \$120 written to Tumble Shine for routine cleaning from the Varsity fund was not paid from a vendor invoice or Standard Invoice, form F-SA-8, but instead was paid from form F-SA-7, Purchase Order.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **UNALLOWABLE PURCHASE**

We noted check 6498 dated 9/30/2013 in the amount of \$1,575.26 written to Kenway for the purchase of resealing the gym floor from the Athletic fund. Operational purchases are disallowed from student activity funds.

We noted check 6624 dated 12/6/2013 in the amount of \$120 written to Tumble Shine for routine cleaning from the Varsity fund was not paid from a vendor invoice or Standard Invoice, form F-SA-8, but instead was paid from form F-SA-7, Purchase Order.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **GLENN MARSHALL ELEMENTARY**

### **SEGREGATION OF DUTIES**

We noted the school's bookkeeper photocopies checks/records receipts on the deposit ticket, records revenue in the accounting system and takes the deposit to the bank. We also noted the school's bookkeeper enters invoices into the accounting system, prints checks, matches invoices to checks, and mails the checks. The Redbook recommends that these duties be segregated.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **FUNDRAISERS**

We noted form F-SA-2B, Fundraiser Worksheet, for Pennies for Paws St. Patty's Day Grams had not been properly completed. The receipts portion was left blank, as were lines 7-10. We also noted for date submitted it states April but does not indicate a day. Per Redbook, forms must be submitted within one week of the event taking place.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **STANDARD INVOICE**

We noted check 3603 dated 2/21/2014 in the amount of \$230.58 for the purchase of Food for Archers from Golden Corral did not have form F-SA-8, Standard Invoice, or vendor invoice attached.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **UNALLOWABLE EXPENSE**

We noted that check #3445, dated 8/5/2013 in the amount of \$112.68 for the purchase of Janitorial Supplies out of the General Fund. Operational purchases are disallowed from student activity funds.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **KINGSTON ELEMENTARY**

### **SEGREGATION OF DUTIES**

We noted that the bookkeeper performs the following duties: collects money from the students/parents, photocopies checks/records revenue on the deposit tickets, records revenue in the accounting system, approves invoices, enters invoices into the accounting system, prints checks, matches invoices to checks, and mails the checks. The Redbook recommends that these duties be segregated.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **UNALLOWABLE PURCHASE**

We noted check #5707 in the amount of \$100.01, written to Shell Mart for lawn mower gas on 7/4/13 out of the General Fund, was an operational expense and should not be purchased from student activity funds. We also noted the following four checks written to Shell Mart: check #5718, #5731, #5823, and #5828 in the amounts of \$ \$138.01, \$104.01, \$38.00, and \$47.01.

We noted check #5745 dated 11/5/13, in the amount of \$525.00, was written to Back Porch BBQ for staff meals was withdrawn from the General Fund. Redbook requires that all staff items be purchased with staff generated funds.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **KIRKSVILLE ELEMENTARY**

### **SEGREGATION OF DUTIES**

We noted that the Bookkeeper is performing all of the following duties: photocopying checks/recording receipts on the deposit tickets, recording revenue in the accounting system, taking the deposit to the bank, entering invoices into the accounting system, prints the checks, matches invoices to the checks, mails the checks, clears the checks in the accounting system, and reconciles the bank account. The Redbook recommends that these duties be segregated.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **PURCHASE ORDERS**

We noted that check #1801, dated 5/2/14 and written to Richmond Greenhouse & Flowers for a wind chime and an afghan in the amount of \$125.00 had a purchase order attached that was dated 5/2/14 and an invoice dated 4/14/14.

We noted that check #1743, dated 12/12/13, in the amount of \$99.00, and written to Berea Optical for student eyeglasses had an attached purchase order dated 12/13/13 and an invoice dated 12/9/13.

We noted that check #1758, dated 1/15/14, in the amount of \$288.00, and written to Lexington Christian Academy for archery tournament entry fee had an attached purchase order dated 1/13/14 and an invoice dated 12/13/13 and wasn't signed by the principal.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **KIRKSVILLE ELEMENTARY – CONTINUED**

### **FUNDRAISERS**

We noted the Archery Candy Bar Sales completed form F-SA-2B, Fundraiser Worksheet, however this form was not dated by the sponsor or signed and dated by the principal.

We noted the Kirksville Fundraising account sold Spirit Cards and completed form F-SA-2B, Fundraiser Worksheet, however the sponsor did not sign the form and the principal did not date the form.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **INVENTORY CONTROL WORKSHEET**

We noted that the Archery Club held a Candy Bar Sales fundraiser and did not complete an Inventory Control Worksheet (F-SA-5).

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **KIT CARSON ELEMENTARY**

### **SEGREGATION OF DUTIES**

We noted that the Bookkeeper is performing all of the following duties: photocopying checks/recording receipts on the deposit ticket, recording revenue in the accounting system, taking the deposit to the bank, approving invoices, entering invoices into the accounting system, printing checks, matching invoices to checks, clearing the checks in the accounting system, and reconciling the bank statement. The Redbook recommends that these duties be segregated.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **PURCHASE ORDERS**

We noted that check #2736, dated 9/4/13 in the amount of \$85.00 written to Greg Sexton for tuning the piano from the General Fund, did not have a Purchase Order Form (F-SA-7) attached to the check.

We noted that check #2812, dated 5/7/14 in the amount of \$201.38 written to Five Guys for Beta Club trip food from the General Fund, did not have a Purchase Order Form (F-SA-7) attached to the check. Additionally, there was a handwritten check stub attached to the receipt.

We noted that check #2827, dated 5/13/14 in the amount of \$556.50 written to Cinemark at Richmond Center for movie tickets from the General Fund, did not have a Purchase Order Form (F-SA-7) attached to the check.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **STANDARD INVOICES**

We noted that check #2736, dated 9/4/13 in the amount of \$85.00 for tuning the piano from the General Fund, had a Standard Invoice (F-SA-8) attached to the check that was not signed by the sponsor.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **KIT CARSON ELEMENTARY – CONTINUED**

### **MULTIPLE RECEIPT FORMS**

We noted a deposit dated 4/18/2014 in the amount of \$7,619.09 contained forms F-SA-6, Multiple Receipt Forms, in the amount of \$616 for DC trip (5<sup>th</sup> grade) tshirt collections and another Multiple Receipt Form in the amount of \$2,951 for DC trip (5<sup>th</sup> grade) payments from students, which was completed by the person remitting the money.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **MADISON MIDDLE**

### **SEGREGATION OF DUTIES**

We noted that the bookkeeper photocopies checks/records receipts on the deposit ticket, records revenue in the accounting system, and takes the deposit to the bank. Redbook requires these duties to be segregated. We also noted the bookkeeper enters invoices into the accounting system, prints checks, matches invoices to checks, and mails the checks. The Redbook recommends that these duties be segregated.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **INVENTORY CONTROL**

We noted form F-SA-5, Inventory Control Worksheet, for Boys Basketball Concessions was not properly completed. For the 1/9/2014 event, subtotal A is \$403.50 and subtotal B equals \$492.00 there is a variance of \$88.50 indicating the school took in more money than it had items to sell which leads to the conclusion there were items that were donated and not recorded to be sold.

We noted form F-SA-5, Inventory Control Worksheet, for the Candles fundraiser to benefit the cheerleader fund was not on file.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **MADISON CENTRAL HIGH**

### **PURCHASE ORDER**

We noted check 20750 dated 8/20/2014 in the amount of \$15 written to Ronnie Philpot for a refund from the Parking Stickers fund did not contain form F-SA-7, Purchase Order.

We noted check 20752 dated 8/20/2013 in the amount of \$171.06 written to Todd Wilson for reimbursement of keys/padlocks from the Misc. Athletics fund contained form F-SA-7, Purchase Order, dated 8/25/2013, and included a receipt from Jims Lock & Key Service dated 8/20/2013. We also noted that this purchase is operational in nature and should not be purchased from school activity funds.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **UNALLOWABLE PURCHASE**

We noted check 21586 dated 2/11/2014 in the amount of \$4,497.80 written to Mac Metal Sales for supplies to build a new fence from the Baseball fund. Operational items should not be purchased with school activity funds.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **MADISON CENTRAL HIGH – CONTINUED**

### **STANDARD INVOICE**

We noted the school's form F-SA-8, Standard Invoice, does not contain a line for the date, and is only dated when the check detail is noted at the bottom of the page.

We noted check 20750 dated 8/20/2014 in the amount of \$15 written to Ronnie Philpot for a refund from the Parking Stickers fund contained form F-SA-8, Standard Invoice, however this form was not signed for vendor's certification. The parking fee from the Parking Stickers fund was only approved for \$10.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **FUNDRAISERS**

We noted the Step Team sold beef sticks and completed form F-SA-2B, Fundraiser Worksheet, however the worksheet did not calculate Total Count of Unsold Items.

We noted the Football Club sold sweatshirts and tshirts beginning September 2013, however form F-SA-2A, Fundraiser Approval, was not submitted and signed for approval until April 2014. We also noted form F-SA-2B, Fundraiser Worksheet, showed a value of \$618 in unsold items, however form F-SA-5, Inventory Control, was not on file for the remaining items. The Fundraiser Worksheet was not signed or dated by the sponsor.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **INVENTORY CONTROLS**

We noted forms F-SA-5, Inventory Controls, for concessions were not properly completed. One form noted the period of "Football Season 2013" and listed collections from 9/6/2013-10/18/2013. This form showed deliveries in the amount of \$6,495 and collections in the amount of \$12,814.58, calculating an overage in the amount of \$6,319.58 and an explanation that leftover items are given to athletes, officials, or thrown away. Deliveries were not listed by date, but instead were listed by vendor. Ending inventory was left blank. Another form F-SA-5 noted the period of "Basketball 2014" with collections 12/9/2013-2/25/2014. Deliveries were listed by vendor, and ending inventory noted "See Attached" without an attachment. This form showed deliveries in the amount of \$5,972.37 and collections in the amount of \$12,478.51, calculating an overage of \$6,506.14 and an explanation that leftover items are given to athletes, officials, or thrown away.

We noted form F-SA-2B, Fundraiser Worksheet, for the Football Club sweatshirt sales had leftover inventory at the end of the fundraiser and form F-SA-5, Inventory Control, was not completed.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## MADISON CENTRAL HIGH - CONTINUED

### CASH ADVANCES

We noted that check #21678 dated 3/13/14 in the amount of \$400.00, written to Tina Barrett for food for team travel contained a receipt for \$320.00 and a Multiple Receipt Form (F-SA-6) in the amount of \$80.00 for the purchase of snack money for eight students at \$10.00 each. There were no receipts attached to account for the \$80.00 given to the students and \$0.00 was returned.

We noted that check #21744, dated 3/26/14 in the amount of \$1,500.00, written to Steve Roof for team travel expenses from the Baseball Club fund contained receipts that were totaled by the Bookkeeper in the amount of \$653.27, which included two duplicate receipts. SCA totaled the receipts, excluding the duplicates, to be \$546.33. The amount returned on 4/10/14 was \$846.73; however the deposit should have been \$953.67. The difference of \$106.94 is the total of the two receipts that were added by the bookkeeper.

### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

### TRAVEL REIMBURSEMENTS

We noted that check 21913, dated 5/6/14 in the amount of 105.80, written to Robert Ladeur for travel reimbursements to the track meet from the Boy and Girls Track fund, did not have a Purchase Order Form (F-SA-7) attached to the check and the Travel Voucher (F-SA-16) was not dated by the employee or the principal.

We noted that check 20704, dated 7/30/13 in the amount of \$216.88, for reimbursements of travel to the KASA and KASSP conferences from the General Fund, did not have a Purchase Order Form (F-SA-7) attached to the check and the conference applications and Travel Vouchers (F-SA-16) did not have date lines next to the signature lines and were signed only by the employee, not a supervisor. Additionally, the reimbursement check was written 7/30/13, 10 days after the travel occurred.

### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

### EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS

We noted that the Annual Financial Reports for the Baseball and Boys Soccer Booster Organizations were not on file for the fiscal year 2013-2014. The Annual Financial Reports for the Band Booster Organization was only for the dates 7/1/13 – 10/31/13.

We noted that the following Booster Organizations did not submit an External Support/Booster Organization Budget Form (F-SA-4B) for the fiscal year 2013-2014: Baseball, Boys Soccer, and Band.

### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

### CREDIT CARDS

We noted that the Credit Card Sign In/Out Logs (F-SA-13) for the following credit cards did not have employee's signatures, purchase order numbers, or signature of employee witnessing the return of the credit card filled out on the forms: Wal-Mart, Kroger, and Hobby Lobby.

### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **MADISON CENTRAL HIGH – CONTINUED**

### **TICKET SALES**

We noted that the Requisition and Report of Ticket Sales Form (F-SA-1) that was attached to the deposit of the ticket sales dated 4/21/14 for the baseball game held on 4/18/14 did not contain initials of the ticket seller within the report. Additionally, the total sales, change returned, cash over/short, and total cash calculation portion of the report was left blank.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **MULTIPLE RECEIPT FORMS**

We noted that the deposit made on 8/20/13 in the amount of \$3,120.00 had an attached Multiple Receipt Form (F-SA-6) for equipment payments to the Cheer Club Fund and parking stickers from the Parking Lot fund did not contain student signatures.

We noted that the deposit made on 11/18/13 in the amount of \$2,534.44 had an attached Multiple Receipt Forms (F-SA-6) for equipment for the Cheer Club Fund in the amount totaling \$1,461 and dues for the Archery Club in the amount of \$330, where the students signatures were all completed by one person.

We noted that the deposit made on 2/20/14 in the amount of \$3,900.15 had an attached Multiple Receipt Forms (F-SA-6) for tournament fees to the Archery Club Fund in the amount of \$110 did not contain student signatures, but instead was completed by the person remitting the form.

We noted a deposit dated 5/27/2014 in the amount of \$2,080 contained form F-SA-6, Multiple Receipt Form, for science Olympiad collections without student signatures, but instead was completed by the person remitting the money. We also noted this form was dated by the Bookkeeper.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **MADISON SOUTHERN HIGH**

### **EXTERNAL SUPPORT/BOOSTER CLUBS**

We noted that the following external support/booster clubs had a budget for FY 2013-2014 on file, but it was not signed by the principal: Band, FFA Alumni, Baseball, Softball, Football, Girls & Boys Soccer, Volleyball, Swimming, Tennis, Wrestling, Bowling, Cheerleading, Girl/Boy Basketball, Dance, and Track.

We noted that the following external support/booster clubs had an Annual Financial Report for FY 2013-2014 on file, but it was not signed or dated: Band, FFA Alumni, Project Graduation, Baseball, Softball, Football, Girls & Boys Soccer, Volleyball, Swimming, Tennis, Wrestling, Bowling, Cheerleading, Girls & Boys Basketball, Dance, and Track.

We noted that the Track team booster club did not have a list of officers for the FY 2013-2014 on file.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **MADISON SOUTHERN HIGH – CONTINUED**

### **UNALLOWABLE PURCHASE**

We noted check 30178 dated 4/22/2014 in the amount of \$280 written to KHSADA for the purchase of an AD Conference from the Athletic Department Fund. Professional development cannot be paid from school activity funds.

We noted check 29515 dated 7/22/2014 in the amount of \$717.28 written to Vincent Lighting Systems for the purchase of dimmer modules from the Auditorium Rent account. Per conversation with the bookkeeper, these dimmers were purchased for lighting in the auditorium. Operational purchases are not to be made from student activity funds.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **INVENTORY CONTROL**

We noted FBLA sold t-shirts and had 100 shirts in ending inventory, however form F-SA-5, Inventory Control, was not completed.

We noted FCCLA sold candy bars and had 115 candy bars in ending inventory, however form F-SA-5, Inventory Control, was not completed.

We noted the School Store had beginning inventory in the amount of \$3,624.50, however the first inventory count was taken in September. We also noted the School Store had ending inventory in the amount of \$3,874.75, however the last count was taken in May.

We noted the Archery fund had concessions in November 2013 showing ending inventory in the amount of \$144 with a note stating that they were "holding remaining drinks for the next tournament". Inventory counts were not taken in December 2013. The next count was January 2014, however beginning inventory did not match ending inventory in November 2013.

We noted forms F-SA-5, Inventory Controls, were improperly completed for the Greenhouse. February's count calculated an overage of \$743 without any explanation. March's count calculated a shortage of \$199.50 without any explanation. April's count calculated a shortage of \$2,259.62 without any explanation. May's count did not include any detail or ending inventory amount. June's count did not include any detail or beginning inventory amount, deliveries or ending inventory detail or amount. Counts for March, April and May were not dated and June's count was not signed or dated.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **MADISON SOUTHERN HIGH – CONTINUED**

### **MULTIPLE RECEIPT FORMS**

We noted that the deposit made on 9/17/13 in the amount of \$1,542.75 had an attached Multiple Receipt Form (F-SA-6) for the following purposes without student signatures, but instead was completed by the person remitting the money: TSA Fund for membership dues in the amount of \$245, FFA Fund for beef jerky sales totaling \$179, Drama Fund for dues in the amount of \$235, FCCLA Fund for candy sales in the amount of \$90, General Fund for PSAT fees in the amount of \$60, General Fund for AP testing in the amount of \$213 and Newspaper Fund for advertising sales in the amount of \$120.

We noted that the deposit made on 10/7/13 in the amount of \$1,526.97 had an attached Multiple Receipt Form (F-SA-6) from the Vocal Music Fund for candy sales in the amount of \$291 without student signatures, but instead was completed by the person remitting the money.

We noted a deposit made on 2/21/14 in the amount of \$505.60 that had an attached Multiple Receipt Form (F-SA-6) from the Vocal Activity Fund for Gatlinburg fees totaling \$262 without student signatures, but instead was completed by the person remitting the money.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **MAYFIELD ELEMENTARY**

### **SEGREGATION OF DUTIES**

We noted the school's bookkeeper is performing the following duties: photocopying the checks/recording receipts on the deposit tickets, recording revenue in the accounting system, taking the deposits to the bank, entering invoices into the accounting system, printing the checks, matching the invoices to the checks, and mailing the checks. The Redbook recommends that these duties be segregated.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **PURCHASE ORDERS**

We noted that check #3351, dated 10/22/13 in the amount of \$464.00 written to Boyd's Orchard for apples and pumpkins from the 2nd Grade Admission Fund that had a Purchase Order Form (F-SA-7) that did not have a line for the sponsor's signature.

We noted that check #3355, dated 11/19/13 in the amount of \$209.25 written to Wal-Mart for items for Panther Paw Café, Nurse Supplies, and Lena Wilson Reception from the General and Social Committee Funds that had three Purchase Order Forms (F-SA-7) that did not have lines for the sponsor's signature. The Purchase Order Form that was attached for Nurse Supplies was dated 10/25/13 and the receipt from Wal-Mart that was attached to the check was dated 10/24/14. The Purchase Order Form that was attached for items for the Panther Paw Cafe was dated 10/07/13 and the receipt from Wal-Mart that was attached to the check was dated 10/06/13.

We noted that check #3370, dated 3/6/14 in the amount of \$167.00 written to Twin Cedars from the General Fund had a Purchase Order Form (F-SA-7) that did not have a line for the sponsor's signature.

We noted that check #3385, dated 5/5/14 in the amount of \$385.00 written to Newport Aquarium from the Field Trips Fund had a Purchase Order Form (F-SA-7) that did not have a line for the sponsor's signature.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **MAYFIELD ELEMENTARY – CONTINUED**

### **UNALLOWABLE PURCHASE**

We noted that check #3355, dated 11/19/13 in the amount of \$209.25 written to Wal-Mart for items for Panther Paw Café, Nurse Supplies, and Lena Wilson Reception from the General and Social Committee Funds had a receipt attached from Wal-Mart with a purchase of an Applebee's gift card for \$25.00 from the Social Committee Fund for Lena Wilson's Reception.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **FUNDRAISERS**

We noted form F-SA-2B, Fundraiser Worksheet, was signed by the sponsor and principal for the Fall Bookfair, however all detail was left blank. Attached was the invoice from Scholastic, however total profit was not calculated.

We noted form F-SA-2A, Fundraiser Approval, was on file for 3<sup>rd</sup> Grade Book Character Day, however there was no form F-SA-2B, Fundraiser Worksheet, on file. We noted collections from students for Book Character Day.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **SHANNON JOHNSON ELEMENTARY**

### **SEGREGATION OF DUTIES**

We noted the school's bookkeeper photocopies checks, records revenue and takes the deposit to the bank. We also noted the bookkeeper enters invoices into the accounting system, prints checks and matches invoices to checks. The Redbook recommends that these duties be segregated.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **CREDIT CARD SIGN IN/OUT FORM**

We noted form F-SA-13, Credit Card Sign In/Out Form, did not contain the account numbers for the Walmart & Hobby Lobby cards.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **INVENTORY CONTROLS**

We noted the school is not using the most updated form F-SA-5, Inventory Control, form. Their form lacks a place for the sponsor and principal to sign and date.

We noted form F-SA-5, Inventory Controls, for the Hawks Landing School Store contained \$698.60 in beginning inventory in October, however inventory controls were not completed July-September 2013. Per discussion with the bookkeeper, that inventory was on hand for those months.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **SHANNON JOHNSON ELEMENTARY – CONTINUED**

### **FUNDRAISERS**

We noted collections for Yearbook Sales and Bookfair in each respective student activity account, however form F-SA-2A, Fundraiser Approval was only approved for the PTA. Per discussion with the Bookkeeper, Fundraiser Approvals were only completed for PTA.

We noted form F-SA-2B, Fundraiser Worksheet, was not on file for the March or May Bookfairs.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **UNALLOWABLE PURCHASE**

We noted check 3563 dated 3/24/2014 in the amount of \$6,800 written to Academic Edge for the purchase of Lexia Learning CORE Unlimited software from the General Fund. Per discussion with the bookkeeper, this is part of the curriculum for reading for all students of the school. Operational items are not to be purchased with school activity funds.

We noted check 3514 dated 10/23/2013 in the amount of \$601.95 written to Preferred Educational for Admin. Observer Software from the Yearbook fund. Per discussion with the bookkeeper, this software was for the principal to use during weekly teacher observations. Operational items are not to be purchased with school activity funds.

We noted check 3507 dated 10/8/2013 in the amount of \$95 written to KET for SBDM training from the General fund, professional development is disallowed by the Redbook.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## **WACO ELEMENTARY**

### **FUNDRAISERS**

We noted the Green Team sold pencils, however form F-SA-2B, Fundraiser Worksheet was not dated by the sponsor and was not signed or dated by the principal.

We noted check 12566 dated 4/28/2014 in the amount of \$1,000 written to Old Kentucky Chocolates for the purchase of candy bars from the Archery fund, however there was no form F-SA-2A, Fundraiser Approval, form F-SA-2B, Fundraiser Worksheet or (if necessary) form F-SA-5, Inventory Control.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **UNALLOWABLE PURCHASE**

We noted check #12517 dated 12/12/13, in the amount of \$2,479.46 written to Action from the Picture Fund for the purchase of two-way radios. Operational items should not be purchased from student activity funds.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

### **INAPPROPRIATE FUND**

We noted check #12595 dated 6/3/14, in the amount of \$140.87 written to Pizza Hut for staff work day meals was withdrawn from the Donations Fund. There was no donation specified for this purchase, therefore should have been purchased with staff generated funds.

### **MANAGEMENT RESPONSE**

The District will meet with school personnel to implement corrective action by October 31, 2014.

## WHITE HALL ELEMENTARY

### SEGREGATION OF DUTIES

We noted the bookkeeper enters invoice into the accounting system, prints checks, and matches invoices to checks. The Redbook recommends that these duties be segregated.

### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

### FUNDRAISERS

We noted F-SA-2B, Fundraiser Worksheet, for the Candle Sales fundraiser benefiting the Archery Fund was not completed on the updated F-SA-2B from Redbook. It lacks a place for the date of the fundraiser and date submitted to principal as well as the principals signature. Redbook requires the form to be handed in to the principal within one week of the last day of the fundraising period or event.

We noted F-SA-2B, Fundraiser Worksheet, for the Art to Remember fundraiser benefiting the Art Club was not completed. Art tiles are purchased containing the artwork of the students which then is placed on the schools walls. Without the use of F-SA-2B it is difficult to determine how much profit was made from the fundraiser because the receipts are receipted over various days as are expenses.

### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.

### PURCHASE ORDER

We noted for check #3236 dated 10/1/2013 in the amount of \$697 for a fieldtrip to Boyd Orchards did not have a purchase order completed. Redbook requires purchase orders to initiate a payment.

We noted for check #3280 dated 11/15/2013 in the amount of \$1,243.95 for a fieldtrip to Boyd Orchards and BiWater there was no purchase order completed. Redbook requires purchase orders to initiate a payment.

### MANAGEMENT RESPONSE

The District will meet with school personnel to implement corrective action by October 31, 2014.