



CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

Montgomery County School District
Mt. Sterling, Kentucky

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

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the District's internal control in our report dated November 10, 2014. This letter does not affect our report dated November 10, 2014, on the financial statements of the Montgomery County School District. The conditions observed are as follows:

CAMARGO ELEMENTARY

1-14

Statement of Condition: Interest earned through the checking account is being recorded as revenue to the Vending-Staff activity fund account.

Recommendation for Correction: Only money generated by the staff (vending) can be deposited into the staff activity fund account.

Management Response to the Recommendation: Interest earned through the checking account will no longer be recorded as revenue to the Vending-Staff activity fund account. Beginning July 1, 2014, interest earned will be recorded in the general activity account.

CAMARGO ELEMENTARY CHARITABLE GAMING ACCOUNT

No conditions.

MAPLETON ELEMENTARY

2-14

Statement of Condition: Monies spent on staff and faculty (i.e. flowers.) paid out of the General Fund activity fund account instead of a faculty/staff revenue generating activity fund account.

Recommendation for Correction: Ensure that monies generated by the staff/faculty are put into a separate activity account identified as being for the staff/faculty; this allows easy accountability of revenue and expenditure tracking. Only vending machine revenues located in an area that

students do not have access to are authorized to be receipted into the faculty/staff activity fund account. Only monies in this account can be used for faculty/staff activities.

Management Response to the Recommendation: Beginning July 1, 2014 money spent on staff and faculty will be paid out of the Staff Appreciation activity fund. Staff appreciation fund (111) is separate and only staff vending is recorded in this account.

MT. STERLING ELEMENTARY

No conditions.

MT. STERLING ELEMENTARY CHARITABLE GAMING ACCOUNT

No conditions.

McNABB MIDDLE SCHOOL

3-14

Statement of Condition: Monies spent on staff and faculty (i.e. gifts.) paid out of the General Fund activity fund account instead of a faculty/staff revenue generating activity fund account.

Recommendation for Correction: Ensure that monies generated by the staff/faculty are put into a separate activity account identified as being for the staff/faculty; this allows easy accountability of revenue and expenditure tracking. Only vending machine revenues located in an area that students do not have access to are authorized to be receipted into the faculty/staff activity fund account. Only monies in this account can be used for faculty/staff activities.

Management Response to the Recommendation: Beginning July 1, 2014 money spent for faculty and staff will be taken from the Staff vending account only.

4-14

Statement of Condition: Fund Raiser Worksheet (F-SA-2B) not being completed for all fundraising events that require one.

Recommendation for Correction: For each fundraising event, the sponsor responsible for the administration of the fundraiser will fill out the Fund Raiser Worksheet (F-SA-2B). After completion of the fundraiser, the sponsor will submit the completed Fund Raiser Worksheet to the Principal for review. After review, the principal will give the Fund Raiser Worksheet to the school treasurer to file with other financial documents.

Management Response to the Recommendation: Beginning July 1, 2014, each fundraiser will have an accompanying fundraiser worksheet filled out after each event.

5-14

Statement of Condition: Inventory Control Worksheets (F-SA-5) are not being completed monthly on pencil machine.

Recommendation for Correction: Inventory Control Worksheets (F-SA-5) need to be correctly filled out monthly on all activities that require one. Completed worksheets need to be reviewed by the principal to address significant shortages or overages. After reviewing the worksheets file them with the other financial documents.

Management Response to the Recommendation: Beginning July 1, 2014 an inventory control worksheet will be filled out monthly when the pencil machine is in use.

MONTGOMERY COUNTY HIGH SCHOOL

6-14

Statement of Condition: Instances of lack of segregation of duties in the process of ticket sales.

Recommendation for Correction: Precautions must be taken to protect activity fund money from loss and limit the liability of persons handling money. The ticket seller gives the entire ticket to the customer and collects the fee. The ticket taker tears the ticket in half, gives half to the customer, and retains half. The ticket seller and the ticket taker must be two separate people. Both must sign the Requisition and Report of Ticket Sales (F-SA-1) form.

Management's Response to the Recommendation: The ticket seller and ticket taker are two separate individuals. Beginning July 1, 2014 both the ticket seller and ticket taker will sign the report of ticket sales form to protect activity fund money from loss.

7-14

Statement of Condition: Monies spent on staff and faculty (i.e. gifts.) paid out of a non-staff account instead of a faculty/staff revenue generating activity fund account.

Recommendation for Correction: Ensure that monies generated by the staff/faculty are put into a separate activity account identified as being for the staff/faculty; this allows easy accountability of revenue and expenditure tracking. Only vending machine revenues located in an area that students do not have access to are authorized to be receipted into the faculty/staff activity fund account. Only monies in this account can be used for faculty/staff activities.

Management's Response to the Recommendation: Beginning July 1, 2014 money spent for faculty and staff will be taken from the Staff vending account only.

MONTGOMERY COUNTY INTERMEDIATE SCHOOL

No conditions.

We will review the status of these conditions during our next audit engagement. We have already discussed many of these conditions and suggestions with various District personnel, and we will be pleased to discuss these conditions in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. We would like to add that we have seen a tremendous improvement from the previous year throughout all the schools in the area of internal control compliance.

All prior year conditions have been corrected. Mr. Joshua Powell, Superintendent, is the person responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately. The corrective action plan is the management response for each condition.

We would like to thank the Finance Officer and their department for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Education, management, and others within the district and is not intended to be and should not be used by anyone other than these specified parties.

White & Associates, PSC

White & Associates, PSC
Richmond, Kentucky
November 10, 2014