

MANAGEMENT LETTER POINTS

Owsley County School District
Booneville, Kentucky

In planning and performing our audit of the financial statements of the Owsley 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 October 23, 2014. This letter does not affect our report dated October 23, 2014, on the financial statements of the Owsley County School District. The conditions observed are as follows:

OWSLEY COUNTY ELEMENTARY

1-14

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 will tear the ticket in half, give half to the customer, and retain the other half. Two people will sign the requisition and take up tickets.

2-14

Statement of Condition: Receipt numbers are not being listed on the deposit slip.

Recommendation for Correction: Receipt numbers must be listed on the deposit slip to determine which receipts are related to each deposit.

Management Response to the Recommendation: Receipt number will be listed on the deposit slip.

OWSLEY COUNTY HIGH SCHOOL

3-14

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 sellers (two) will tear the tickets in half, give half to the customer, and retain the other half. Two people will sign the requisition.

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 comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

All prior conditions have been corrected. Mr. Bobrowski, Superintendent, is the person responsible for initiation of the corrective action plan for the above comments 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
October 23, 2014