

**MANAGEMENT LETTER POINTS**

Pikeville Independent School District  
Pikeville, Kentucky

In planning and performing our audit of the financial statements of the Pikeville Independent 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 Pikeville Independent School District. The conditions observed are as follows:

**PIKEVILLE ELEMENTARY**

1-14

Statement of Condition: School activity fund money used to provide non-instructional attendance incentives for the compulsory instructional day.

Recommendation for Correction: Insure that all attendance incentives are considered instructional if purchased with activity fund or Board controlled monies. Non-instructional incentives shall be funded by non-tax, non-Board controlled dollars such as donations from local businesses, support/booster organizations or the PTA/PTO.

Management Response to the Recommendation: The attendance incentive expenditures were being reimbursed to the activity fund by the Elementary PTO, however from this point forward those expenditures will be paid directly by the PTO from their external account.

**PIKEVILLE HIGH SCHOOL**

2-14

Statement of Condition: Instances of checks written not having two signatures (47902, 47944, 48085, 48265, 48341, and 48440).

Recommendation for Correction: The principal (or appointed designee) and school treasurer should insure all checks written have two signatures; one of which shall be that of the principal (or appointed designee) and the other being the school treasurer.

Management Response to the Recommendation: The proper check signing procedure will be reviewed with the principal, treasurer, and other designated check signers. Checks will have two signatures before being disbursed.

3-14

Statement of Condition: Soccer Booster Club is using the school district's Federal Employer Identification Number (FEIN).

Recommendation for Correction: An external support/booster organization must use external bank accounts and shall obtain its own Federal Employer Identification Number (FEIN) specifically and only for its use. External support/booster organizations shall not use the FEIN of the school or district.

Management Response to the Recommendation: The Athletic Director and Principal will ensure that the Soccer Booster Club removes the district's FEIN from their external account immediately.

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.

The prior year management letter conditions have been implemented and corrected. Mr. Jerry Green, 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