

MANAGEMENT LETTER POINTS

Rockcastle County School District
Mt. Vernon, Kentucky

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

MT. VERNON ELEMENTARY

No conditions.

ROUNDSTONE ELEMENTARY

1-14

Statement of Condition: The Multiple Receipt Form (F-SA-6) is not being signed and dated by the bookkeeper.

Recommendation for Correction: Each day that money is collected from students, the teacher/sponsor will insure that the Multiple Receipt Form (F-SA-6) is properly filled out and signed by the student when the transfer of cash occurs from the student to the teacher/sponsor. This document along with the money is to be turned in to the School treasurer daily.

Management Response to the Recommendation: The importance of the Multiple Receipt Form (F-SA-6) being signed and dated by the bookkeeper is important not only to insure that the bookkeeper is correctly verifying that everything is filled out correctly but also covers the bookkeeper herself and shows that she is keeping accurate and complete records. This is something that will be corrected within the 2014-2015 school year.

2-14

Statement of Condition: Instances of receipts not being deposited timely.

Recommendation for Correction: All monies should be deposited on a daily basis. In the event that less than \$100 is on hand to deposit, smaller amounts may be held in a secure location until \$100 is collected. At a minimum, deposits shall be made on a weekly basis even if the deposit amount is less than \$100. The total of the deposit slip shall match the total receipts written since the last deposit. Each deposit shall be verified by a second person daily.

Management Response to the Recommendation: It is extremely important that all deposits be deposited daily if the total is greater than \$100.00. This will be corrected in the 2014-2015 school year.

3-14

Statement of Condition: Teachers/sponsors not turning in money collected from students or other sources timely.

Recommendation for Correction: All money collected by a teacher/sponsor shall be turned in to the school treasurer the day the money is collected along with the appropriate supporting documentation.

Management Response to the Recommendation: Michelle Betsworth held a meeting with the teachers/assistants on September 2, 2014 and went over the importance of turning in all money and supporting documentation the day it is turned in.

4-14

Statement of Condition: Receipts were being written but the receipt is not consistently being written to the individual turning the monies in.

Recommendation for Correction: Each individual/entity turning in monies shall be written a receipt on the computer (if automated) or manually (if not automated). The original receipt shall be signed by the school treasurer and given to the individual/entity that turned the monies in that day.

Management's Response to the Recommendation: Michelle Betsworth held a meeting with the teachers/assistants on September 2, 2014 and went over the proper way to fill out the multiple receipt. Example: If the receipt is for the teacher's classroom and the multiple receipt form is filled out by the teacher then the teacher must sign the multiple receipt form not the assistant.

5-14

Statement of Condition: Bank statements were not being reconciled and submitted to the superintendent or finance officer at the close of each month.

Recommendation for Correction: Monthly financial reports shall be prepared and submitted to the superintendent or finance officer no later than the 15th of the following month. The original

shall be signed and reviewed for accuracy and reasonableness by the principal and submitted to the superintendent or finance officer and a copy retained in the files. A list of accounts payables and receivables shall accompany the report.

Management Response to the Recommendation: Michelle Betsworth was not aware that monthly financial reports were supposed to be submitted to the superintendent's office by the 15th of the following month. This action will be corrected immediately.

BRODHEAD ELEMENTARY

No conditions.

ROCKCASTLE COUNTY MIDDLE SCHOOL

No conditions.

ROCKCASTLE COUNTY HIGH SCHOOL

6-14

Statement of Condition: Teachers/sponsors not turning in money collected from students or other sources timely.

Recommendation for Correction: All money collected by a teacher/sponsor shall be turned in to the school treasurer the day the money is collected along with the appropriate supporting documentation.

Management Response to the Recommendation: Rockcastle County High School teachers/sponsors will turn in all money collected to the school treasurer the day the money is collected along with appropriate supporting documentation.

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.

David Pensol, 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
October 23, 2014