

## MANAGEMENT LETTER POINTS

Elliott County School District  
Sandy Hook, Kentucky

In planning and performing our audit of the financial statements of the Elliott County School District for the year ended June 30, 2015, 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 13, 2015. This letter does not affect our report dated November 13, 2015, on the financial statements of the Elliott County School District. The conditions observed are as follows:

### ISONVILLE ELEMENTARY

#### 1-15

Statement of Condition: Instances of multiple sources of receipts being combined on one receipt and not writing a receipt to each staff member or source turning in monies.

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: Each individual/entity turning in monies will be written a receipt on the computer. The original receipt shall be signed by the school treasurer and given to the individual/entity that turned the monies in that day.

#### 2-15

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: All monies over \$100 will 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 will be made on a weekly basis even if the deposit amount is less than \$100. The total of the deposit slip will match the total receipts written since the last deposit. Each deposit will be verified by a second person daily.

### 3-15

Statement of Condition: Monthly Financial Reports were not being reconciled timely 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 15<sup>th</sup> 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: Monthly financial reports will be prepared and submitted to the superintendent or finance officer no later than the 15<sup>th</sup> 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.

### 4-15

Statement of Condition: Instances of receipts not written at the time monies were received by the school treasurer.

Recommendation for Correction: Receipts shall be written to the individual giving the monies to the school treasurer at the time the monies are received.

Management's Response to the Recommendation: Receipts will be written to the individual giving the monies to the school treasurer at the time the monies are received.

## LAKESIDE ELEMENTARY

### 5-15

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 will be listed on the deposit slip to determine which receipts are related to each deposit.

6-15

Statement of Condition: Instances of multiple sources of receipts being combined on one receipt and not writing a receipt to each staff member or source turning in monies.

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: Each individual/entity turning in monies will be written a receipt on the computer. The original receipt shall be signed by the school treasurer and given to the individual/entity that turned the monies in that day.

7-15

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: Each individual/entity turning in monies will be written a receipt on the computer. The original receipt shall be signed by the school treasurer and given to the individual/entity that turned the monies in that day.

8-15

Statement of Condition: Instances of receipts being written to the vendor instead of the teacher/sponsor collecting the money.

Recommendation for Correction: Receipts shall be written to the individual giving the monies to the school treasurer at the time the monies are received. All mail should be sorted and opened by someone other than the school treasurer. If checks are in the mail that is distributed to the school treasurer, the checks shall be recorded in a log or on a Multiple Receipt Form (F-SA-6) by someone other than the school treasurer; then submitted to the school treasurer.

Management's Response to the Recommendation: Receipts will be written to the individual giving the monies to the school treasurer at the time the monies are received. All mail will be sorted and opened by someone other than the school treasurer. If checks are in the mail that is distributed to the school treasurer, the checks will be recorded in a log or on a Multiple Receipt Form (F-SA-6) by someone other than the school treasurer; then submitted to the school treasurer.

SANDY HOOK ELEMENTARY

9-15

Statement of Condition: Instances of receipts being written to the vendor instead of the teacher/sponsor collecting the money.

Recommendation for Correction: Receipts shall be written to the individual giving the monies to the school treasurer at the time the monies are received. All mail should be sorted and opened by someone other than the school treasurer. If checks are in the mail that is distributed to the school treasurer, the checks shall be recorded in a log or on a Multiple Receipt Form (F-SA-6) by someone other than the school treasurer; then submitted to the school treasurer.

Management's Response to the Recommendation: All monies given to the office will have a receipt written to whoever collects the money. The mail will be opened by someone other than the school treasurer and all checks will be logged.

10-15

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: All monies over \$100 will be deposited on a daily basis. Smaller amounts will be held in a smaller location and will be deposited on a weekly basis. The deposit slip and total receipts will match and deposit slips will be verified by a second person.

ELLIOTT COUNTY HIGH SCHOOL

11-15

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: Teachers have been to a recent Redbook training; therefore, the importance of turning money into finance clerk in a timely manner has been addressed. The Principal will speak to all staff handling money, in teachers meeting, and explain that all money needs to be turned in daily to the school treasurer.

12-15

Statement of Condition: Several Purchase Orders have an open PO amount listed under cost.

Recommendation for Correction: Purchase orders should be approved with an amount listed for the cost of the total purchase. This will assure that the funds needed for the purchase are in the activity fund listed on the PO.

Management Response to the Recommendation: Purchase orders will have an approximate or exact amount listed on all Purchase Orders before approval by Principal. Therefore, all approved PO will have approved amount that will reflect that funds are in activity accounts to pay for purchases. No amount will exceed what has been approved on PO. If any amount has exceeded approval, another PO will be opened and reapproved by Principal.

Condition 5-15 is a repeat condition from the prior year. All other prior year conditions have been implemented and corrected. Mr. C. Thomas Potter, 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.

Central Office

13-15

Statement of Condition: During our testing of cash, we noted an account which was confirmed under the Board's federal ID number, Elliott County High School Bank of the Lions.

Recommendation for Correction: We would recommend management contact the bank and have this account removed from the Board's federal ID number.

Managements Response to the Recommendation: The Finance Officer will contact the bank and have account closed. The funds will be directed through the school activity funds account.

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 13, 2015