

## 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, 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 Rockcastle County School District. The conditions observed are as follows:

### MT. VERNON 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: All school staff has been instructed to use a separate multiple receipt form for each individual/entity to turn in with any monies collected during that particular day.

#### 2-15

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: All school staff has been instructed to turn in any/all money collected to the school treasurer the day the money is collected along with the accompanying multiple receipt form.

#### ROUNDSTONE ELEMENTARY

No conditions.

#### BRODHEAD ELEMENTARY

3-15

Statement of Condition: Receipts were not being written to the individual turning money into the school treasurer.

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: Receipts will be written to the individual who signs the multiple receipts.

#### ROCKCASTLE COUNTY MIDDLE SCHOOL

4-15

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: We intend, at RCMS, to fully comply with the recommendation for correction for the collection of funds, and documentation of the collection, the day funds are collected. This expectation will be communicated to teachers, sponsors, and coaches both in verbal and written form to emphasis following the proper protocol with collecting funds.

#### ROCKCASTLE COUNTY HIGH SCHOOL

5-15

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: 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.

#### 6-15

Statement of Condition: Activity Fund accounts (Girls Basketball and Boys Basketball) ended the fiscal year (June 30) with a deficit balance.

Recommendation for Correction: Monies can be transferred between activity fund accounts, as long as money generated by the students goes back to benefiting the students. Monies generated for a specific purpose must be spent on the intended purpose. Any monies transferred to cover deficit balances shall be reimbursed by the deficit account when funds become available. Closer monitoring of activity fund account ending balances before signing off on purchase orders will decrease the chances of accounts becoming deficit.

Management Response to the Recommendation: Any monies transferred to cover deficit balances shall be reimbursed by the deficit account when funds become available. Closer monitoring of activity fund account balances before signing off on purchase orders will occur.

#### Central Office

#### 7-15

Statement of Condition: During our testing of payroll, we noted I-9's and required supporting documentation were not consistently found in the employee files.

Recommendation for Correction: We would recommend management assign an employee to review all active employee files and obtain I-9's and required supporting documentation for each file.

Management Response to the Recommendation: We will consider the auditor's recommendation.

#### 8-15

Statement of Condition: During our review of internal controls, we noted the payroll clerk performs the entire payroll function.

Recommendation for Correction: We would recommend management review internal controls over payroll and attempt to segregate some of the procedures over provide some checks and balances of oversight.

Management Response to the Recommendation: We will consider the auditor's recommendation.

9-15

Statement of Condition: During our testing of cash, we noted old outstanding checks on the bank reconciliation.

Recommendation for Correction: We would recommend management review their policies and procedures over bank reconciliations and amend if necessary to ensure old outstanding checks over six months old are either voided or a new check is reissued.

Management Response to the Recommendation: We will consider the auditor's recommendation.

10-15

Statement of Condition: During our testing of cash, we noted three cash accounts were confirmed which were not the Board's check accounts.

Recommendation for Correction: We would recommend management assign an employee to review these checking accounts and request they be removed from under the Board's federal ID number.

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.

Condition 5-15 is a repeat condition from the prior year. All other prior year conditions have been corrected. 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  
November 13, 2015