Members of the Board of Education
Barren County Board of Education
Glasgow, Kentucky 42141

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Barren County Board of Education as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Barren County Board of Education’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Barren County Board of Education’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Barren County Board of Education’s internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various governmental unit personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, Barren County Board of Education, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Campbell, Myers & Rutledge, PLLC

Certified Public Accountants

November 9, 2018
PRIOR YEAR FINDINGS

Eastern Elementary School

Prior fiscal year condition: During the school year, independent contractors were not signing Form F-SA-8 “Standard Invoice” submitted for payment.

Observation: Independent contractors signed the appropriate forms.

Park City Elementary School

Prior fiscal year condition: During the year funds were transferred from the activity fund to the staff fund.

Observation: No inappropriate transfers were noted.

Red Cross Elementary School

Prior fiscal year condition: During the school year, proper use of fundraising forms were not used correctly.

Observation: Fundraising forms were properly used.

Barren County Board of Education

Prior fiscal year condition: The board should approve the disbursements for District Activity Funds.

Observation: At the board level, disbursements for District Activity Funds were approved.

CURRENT YEAR FINDINGS

Temple Hill Elementary

Criteria: A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) and the Department of Charitable Gaming sets forth accounting guidelines for charitable gaming.

Condition: During the school year, an external support/booster organization was receiving funds acquired from charitable gaming activities conducted by the school.

Cause: Funds received for charitable gaming activities did not flow through the charitable gaming bank account established by the school as set forth in KRS 238.550(2).

Effect: Compliance with A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) was not achieved.

Recommendation: We recommend that all funds received must be deposited into the established charitable gaming account and if the external booster club wishes to conduct charitable gaming activities, they need to establish their own charitable gaming account.

Response: The external booster club will be required to establish their own charitable gaming account.
Red Cross Elementary

Criteria: A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) sets forth guidelines that require deposits to be made daily when there is over $100 on hand and at a minimum, deposits should be made on a weekly basis.

Condition: During the year funds were not deposited on a timely basis.

Cause: Receipts were being accumulated on site and deposits were not made timely.

Effect: Compliance with A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) was not achieved.

Recommendation: We recommend that deposits be made in conformity with Red Book Guidelines.

Response: The school treasurer will make timely deposits.

Hiseville Elementary

Criteria: A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) sets forth accounting guidelines for the proper use of fundraising forms.

Condition: During the school year, the fundraising sponsor was not completing fundraising form F-SA-2B “Fundraising Worksheet” to determine the profitability of the fundraiser and the principal was not reviewing the details of the completed fundraiser.

Cause: Principal was unable to review the completed fundraiser and the profitability of the fundraiser was unknown.

Effect: Compliance with A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) was not achieved.

Recommendation: We recommend that all fundraising forms be used to properly account for all receipts and expenditures and reviewed before submitting to the principal.

Response: Fundraising forms will be completed and submitted for review to school personnel.

Hiseville Elementary

Criteria: A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) sets forth accounting guidelines for the payment of sales tax.

Condition: During the school year, it was noted that sales tax was paid on transactions that should be exempt from sales tax.

Cause: The purchaser did not inform the vendor of the school’s exemption from sales tax and school treasurer reimbursed the purchase for the cost of sales tax.

Effect: Compliance with A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) was not achieved.

Recommendation: We recommend that invoices be thoroughly reviewed before payment is made.

Response: Invoices will be thoroughly reviewed before checks are issued for payment.
Barren County High School

Criteria: A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) sets forth guidelines that require deposits to be made daily when there is over $100 on hand and at a minimum, deposits should be made on a weekly basis.

Condition: During the year funds were on deposited on a timely basis.

Cause: Receipts were being accumulated on site and was not making deposits timely.

Effect: Compliance with A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) was not achieved.

Recommendation: We recommend that deposits be made in conformity with Red Book Guidelines.

Response: The activity fund sponsors will remit funds timely in order that the school treasurer can make timely deposits.

Barren County High School

Criteria: A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) sets forth guidelines for allowable expenditures of activity funds.

Condition: During the year it was noted that interest was paid on the school’s credit card because invoices were not received timely for payment.

Cause: Credit card balances were not paid in full, causing a balance to be subject to interest.

Effect: Compliance with A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) was not achieved.

Recommendation: We recommend that all credit card invoices be paid in full to avoid an outstanding balance being subject to interest.

Response: School personnel will remit invoices timely in order that the school treasurer can pay credit card invoices in full.

Barren County High School

Criteria: A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) sets forth accounting guidelines for inventory control.

Condition: During the school year, it was noted that the school was not completing form F-SA-5 “Inventory Control Worksheet” to determine amount and cost of items sold.

Cause: No reconciliation was performed when counting inventory and computing sales.

Effect: Compliance with A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) was not achieved.

Recommendation: We recommend that all inventory control worksheets be completed after each event where goods will be sold and to complete the Inventory Control Worksheet on a weekly basis.
Response: The school will complete the Inventory Control Worksheet.

Barren County High School

Criteria: A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) sets forth accounting guidelines for ticket sales.

Condition: During the school year, it was noted that the dollar amounts on form F-SA-1 “Requisition and Report of Ticket Sales” did not reconcile.

Cause: Tickets to events were given away at no charge.

Effect: Compliance with A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) was not achieved.

Recommendation: We recommend that the school properly complete form F-SA-1 “Requisition and Report of Ticket Sales” and for it to be reviewed by the principal in a timely manner.

Response: The school will complete the forms and principal will the review the forms in a timely manner to address any discrepancies.

Barren County High School

Criteria: A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) sets forth accounting guidelines for purchases.

Condition: The vendor for an activity fund expenditure was also an employee of the District.

Cause: External complaints arose over the whether the benefit of the expenditure was for the district personnel or the student organization.

Effect: Disagreements over whether the District was in compliance with A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book).

Recommendation: We recommend that employee sponsors of activity funds not be vendors of the same activity fund in order to maintain independence from the Red Book guidelines.

Response: The District has put into a policy where District employees cannot be vendors of the activity fund in which they are a sponsor.

Barren County Middle School

Criteria: A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book) sets forth accounting guidelines for purchases.

Condition: The vendor for an activity fund expenditure was also an employee of the District.

Cause: External complaints arose over the whether the benefit of the expenditure was for the district personnel or the student organization.

Effect: Disagreements over whether the District was in compliance with A Uniform Program of Accounting for School Activity Funds in Kentucky Schools (Red Book).
**Recommendation:** We recommend that employee sponsors of activity funds not be vendors of the same activity fund in order to maintain independence from the Red Book guidelines.

**Response:** The District has put into a policy where District employees cannot be vendors of the activity fund in which they are a sponsor.