Kentucky State Committee for School District Audits and
Members of the Board of Education
Danville Independent School District
Danville, Kentucky

In planning and performing our audit of the financial statements of Danville Independent School District for the year ended June 30, 2018, we considered the District’s internal control structure 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 structure.

However, during our audit we became aware of certain matters that are an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. A separate report dated November 13, 2018 contains our report on the District’s internal control structure. This letter does not affect our report dated November 13, 2018 on the financial statements of the District.

We will review the status of our comments during our next audit engagement. We have already discussed the comments and suggestions with various District personnel, and their implementation is currently being reviewed. 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 report is intended solely for the information and use of management, members of the board of education, the Kentucky Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Stiles, Carter & Associates, CPAs, P.S.C.
Bardstown, Kentucky
November 13, 2018
DANVILLE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT LETTER COMMENTS

JUNE 30, 2018

PRIOR YEAR UNCORRECTED COMMENTS

BATE MIDDLE SCHOOL

ANNUAL FINANCIAL REPORT
We noted that the Annual Financial Report (F-SA-15A) that was on file for the 17-18 school year was signed by the school’s principal or bookkeeper as being approved on 8/13/18. Redbook requires that the Annual Financial Report be submitted to the board by July 25th.

MANAGEMENT’S RESPONSE
Running the annual financial report was an oversight. In the future, I will make sure that the report is printed, approved, and submitted by July 25th.

MARY G. HOGSETT ELEMENTARY SCHOOL

CREDIT CARD SIGN IN/OUT LOG
We noted during review of credit cards that there three instances where there was not a signature of an employee witnessing the return of the credit card. All three instances occurred when Kristy Green had the credit card checked out (9/15/17, 10/4/17 and 12/15/17). In addition, on 10/4/2017, there was not any information present in the “Date & Time of Return” column. Redbook requires the Credit Card Sign In/Out Log (F-SA-13) to be properly filled out in its entirety each time the credit card is used.

MANAGEMENT’S RESPONSE
The Credit Card Sign In/Out Log Form (F-SA-13) will be completed properly each time the card is checked out and back in, with necessary signatures of each individual involved in the transaction and the proper dates.

BATE MIDDLE SCHOOL

RECEIPTS
During tests of receipts, we noted that receipt #549800, in amount of $234.00, was collected for candy bar sales. The receipt included an attached Multiple Receipt Form (F-SA-6), instead of a Sales Collection Form (F-SA-17). Redbook requires that collections for sales of purchased merchandise to include a Sales Collection Form (F-SA-17).

MANAGEMENT’S RESPONSE
I was under the impression that fundraiser money should be collected with a multiple receipt form. In the future, I will utilize a Sales Collection Form.

IMPROPER FORM
We noted that the deposit made on 3/28/18 included a Multiple Receipt Form (F-SA-6) for the receipt Bookfair proceeds. Redbook requires that Bookfair receipts be reported on a Sales Collection Form (F-SA-17).

MANAGEMENT’S RESPONSE
I was not aware that the book fair money needed to be filed out on the Sales Collection Form. In the future I will utilize this form.
DANVILLE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT LETTER COMMENTS

JUNE 30, 2018

DANVILLE HIGH SCHOOL

ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE
We noted during review of Accounts Receivable and Accounts Payable that two transactions were left off of Accounts Payable that should have been included. Check #23339, made payable to Danville Board of Education was written on 7/3/2018 in the amount of $501.78 for the June 2018 monthly board sweep. Check #23340, made payable to Morehead Volleyball Camps was written on 7/10/2018 in the amount of $1,237.50 for the remaining balance of a volleyball camp that took place during the 2017-18 school year. Redbook states that payables are bills owed by the school to vendors for goods and services incurred by the school by June 30.

MANAGEMENT’S RESPONSE
Check # 23339 for the monthly seep to the board – I do my sweeps for each month when I reconcile the bank statement (at the beginning of the next month). That is why the sweep was not done in June. It was not supposed to be on the Accounts Payable for June for that reason. It goes on July’s because that is when I cut the check, as I do every month/year. Check # 23340, for the Volleyball Camp – We had to pay a deposit up front to secure their spot, which was sent during the 17-18 school year. However, the camp didn’t take place until July 11-13, which is in the 18-19 school year. That remaining balance (Check # 23340) was hand carried when they actually went to the camp.