October 5, 2018

Members of the Board of Education
Daviess County School District
Owensboro, Kentucky

Kentucky State Committee for School District Audits
Frankfort, Kentucky

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 the Daviess County School District (District) 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 the District’s internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s 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 deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated October 5, 2018, on the financial statements of the District.

2018 MANAGEMENT COMMENTS

Activity Funds:

Findings noted, frequency of occurrence, and follow up was as follows:

Deposits:

  Deposits were not timely made:
    Burns Middle School (5)
  The deposit slip was not initialed by two individuals:
    Burns Middle School (2)
    Deer Park Elementary School (1)
  Pre-numbered receipts were generated on dates after the actual deposit was made:
    Burns Middle School (1)

Disbursements:

  An invoice could not be locate to support a disbursement:
    Burns Middle School (1)
2018 MANAGEMENT COMMENTS, Continued

Activity Funds Continued:
Disbursements, Continued:
   A voided check was incorrectly reflected as outstanding at year end:
      Apollo High School (1)
   Form F-SA-8 contained typed signatures as opposed to manual signatures:
      Highland Elementary School (10)
   A check did not contain two signatures:
      Burns Middle School (1)

Athletics:
   Receipts from ticket sales were not deposited on a timely basis:
      Apollo High School (1)
   The number of tickets sold on the ticket sales report was understated by one based on the
   reconciliation of beginning and ending ticket numbers documented:
      Apollo High School (1)

Transfers:
   Transfers were not documented with Form F-SA-10:
      Apollo High School (3)

Recommendation:

   We recommend that Activity Fund bookkeepers be reminded of the importance of adhering to
the “Red Book” and performing generally accepted practices which enhance internal control for the
District.

District Response:

   Management continues to provide training and updates on current Redbook issues. Management
will communicate the Redbook audit findings with all school bookkeepers and administrators and
instruct staff regarding preventative measures schools must make to alleviate reoccurrence of Redbook
findings. See the electronically submitted Management Letter Comments Spreadsheet for detailed responses.

2017 MANAGEMENT COMMENTS

Activity Funds:

Findings noted and frequency of occurrence are as follows:

Deposits:
   Deposits were not timely made:
      Apollo High School (1)
      Country Heights Elementary (1)
2017 MANAGEMENT COMMENTS, Continued

Activity Funds, Continued:

Deposits, Continued:

Follow up: The bookkeepers were reminded of the importance of depositing money timely as to safeguard it and to adhere to the requirements of the Red Book.

The deposit slip was not initialed by two individuals:
Apollo High School (1)
Burns Middle School (1)
Follow up: Bookkeepers were reminded that a second person should review and sign on the deposit slip daily.

The multiple receipt form was missing the treasurer’s signature:
Audubon Elementary (1)
Follow up: The bookkeeper was reminded of the importance of dual signatures.

The multiple receipt form was not dated by the person remitting the money:
Heritage Park High School (3)

Disbursements:
Checks were used out of sequence:
Burns Middle School (1)
Follow up: The bookkeeper was reminded of the importance of making sure check numbers match the accounting software.

Sales tax was paid on a transaction:
Country Heights Elementary (1)
Follow up: The bookkeeper was reminded of the importance of not paying sales tax.

Documentation relating to a voided check was not retained:
Country Heights Elementary (1)
Follow up: The bookkeeper was reminded of the importance of maintaining records of all checks.

Form F-SA-8 contained typed signatures as opposed to manual signatures:
Highland Elementary (10)
Follow up: The bookkeeper was reminded to have actual proof of approval for purchase.

Disbursement for book fair expense was paid to a vendor and not to central office:
Tamarack Elementary (1)
Follow up: The bookkeeper was reminded of the procedures for district activity funds.
2017 MANAGEMENT COMMENTS, Continued

Activity Funds, Continued:

Ticket Sales:
The ticket sales deposit did not agree to the ticket report:
Burns Middle School (1)
Follow up: The bookkeeper was reminded of the importance of maintaining a ticket log to prove sales.

Tickets for athletic events could not be reconciled:
Apollo High School (1)
Burns Middle School (1)
Follow up: The bookkeepers were reminded of the importance of reconciling tickets to prove sales.

Inventory:
Donated inventory was not valued and included in reconciliations:
Daviess County High School (1)
Follow up: The bookkeeper and athletic director were instructor to include these in future reconciliations.

Transfers:
Transfer form did not contain the required signature of a second person:
Burns Elementary (1)
Follow up: The bookkeeper was reminded of the importance of having completed forms.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and suggestions with District 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, the Board of Education, the Kentucky Department of Education, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

[Signature]