



CAMPBELL, MYERS AND RUTLEDGE, PLLC

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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, 2019, 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 1, 2019

PRIOR YEAR FINDINGS

Temple Hill Elementary

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

Observation: The school did not conduct any charitable gaming activities as they were conducted by the external support/booster organization.

Red Cross Elementary School

Prior fiscal year condition: During the year funds were not deposited on a timely basis.

Observation: See current year findings.

Hiseville Elementary

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.

Observation: Fundraising forms were completed in the current year.

Hiseville Elementary

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

Observation: No instances of sales tax being paid were noted in the current year.

Barren County High School

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

Observation: Deposits examined appeared to have been made on a timely basis.

Barren County High School

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.

Observation: Use of the credit card appeared to have been minimized and payment was made timely.

Barren County High School

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.

Observation: See current year findings

PRIOR YEAR FINDINGS, CONCLUDED

Barren County High School

Condition: During the school year, it was noted that the sales amounts on form F-SA-1 "Requisition and Report of Ticket Sales" did not reconcile to amounts deposited into the activity fund.

Observation: Amounts tested on the F-SA-1 reconciled to amounts deposited.

Barren County High School

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

Observation: Payments to vendors that were employees of the District were requested and approved by persons not associated to the vendors.

Barren County Middle School

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

Observation: Payments to vendors that were employees of the District were requested and approved by persons not associated to the vendors.

CURRENT YEAR FINDINGS

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 District finance officer and Assistant Superintendent met with school personnel in August, 2019. Daily deposits were made in fiscal year 2019-2020 and substantiation was provided to the auditors as of the audit date.

CURRENT YEAR FINDINGS, CONCLUDED

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, the school provided an inventory list of goods on hand for certain activity funds; however, it was noted that the school was not correctly 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 the Inventory Control Worksheet on a monthly basis to account for goods and services sold and receipts deposited.

Response: The District has requested that the schools provide the form F-SA-5 to the board of education on a monthly basis. Also, the District is looking into designating the completion of such forms to one individual and not multiple individuals as the F-SA-5 is required by different individual activity funds.

Barren County High School

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

Condition: The vendor for an activity fund expenditure was paid from an inappropriate individual activity fund account.

Cause: Activity fund transfers between individual accounts were not being utilized.

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

Recommendation: We recommend monies be transferred between accounts before certain expenditures are incurred.

Response: The school finance officer was unaware of the purpose of fund transfers in situations where individual accounts were raising money for multiple purposes. They will make transfers in similar future situations.