



October 4, 2019

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, 2019, 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 4, 2019, on the financial statements of the District.

**2019 MANAGEMENT COMMENTS**

FOOD SERVICE FUND:

Finding:

Meal counts entered into Nutrikids software under Provision 2 were not reviewed for accuracy by Central Office prior to requesting monthly reimbursements. In addition, the frequency and process of entering Provision 2 meal counts into the software by lunchroom managers is not consistent between schools. Our testing appeared to indicate that the number of meals reported and amounts reimbursed were understated.

Recommendation:

We recommend that consistent procedures for accumulating and entering Provision 2 meal counts be developed, and that Central Office review the accuracy of such prior to requesting reimbursement.

**2019 MANAGEMENT COMMENTS, Continued**

ACTIVITY FUNDS:

Findings noted and frequency of occurrence are follows:

Deposits:

The deposit slip was not initialed by two individuals:

Audubon Elementary School (1)

Highland Elementary School (1)

For deposit dates selected, remitting date was prior to remitted date:

Country Heights Elementary School (2)

Deer Park Elementary School (2)

Disbursements:

An invoice could not be located to support a disbursement:

East View Elementary School (1)

Sales tax was paid on transactions:

Apollo High School (1)

Highland Elementary School (1)

Form F-SA-8 contained typed signatures as opposed to manual signatures:

Country Heights Elementary School (1)

A check did not contain two signatures:

Audubon Elementary School (1)

Inventory:

Excessive shortages and overages were noted:

Apollo High School (3)

Inventory counts were not being performed monthly:

Apollo High School (1)

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 to 2019 Management Comments:

See the electronically submitted Management Letter Comments Spreadsheet for detailed responses.

## 2018 MANAGEMENT COMMENTS

### ACTIVITY FUNDS:

Findings noted and frequency of occurrence were 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 located to support a disbursement:

Burns Middle School (1)

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)

#### Follow up:

The District regularly communicates with bookkeepers, and also holds semi-annual meetings to remind them of the importance of following Redbook procedures. Additionally, month end financial statements are reviewed at Central Office.

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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.

*Ring Hammett CPA&PSC*