



CHRIS R. CARTER, CPA
ANN M. FISHER, CPA
SCOTT KISSELBAUGH, CPA
PHILIP A. LOGSDON, CPA
BRIAN S. WOOSLEY, CPA

STILES, CARTER & ASSOCIATES, CPAs, P.S.C.

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Kentucky State Committee for School District Audits
Members of the Board of Education of
Madison County School District
Richmond, Kentucky

In planning and performing our audit of the basic financial statements of Madison County School District for the year ended June 30, 2019, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated November 4, 2019, contains our report on the District's internal control. This letter does not affect our report dated November 4, 2019, on the financial statements of the Madison County School District.

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 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, the members of the Madison County Board of Education, others within the District, 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.

A handwritten signature in black ink that reads "Stiles, Carter & Associates, CPAs, PSC". The signature is written in a cursive, flowing style.

Stiles, Carter & Associates, CPAs, PSC
Elizabethtown, Kentucky
November 4, 2019

MADISON COUNTY SCHOOL DISTRICT

COMMENTS

June 30, 2019

PRIOR YEAR UNCORRECTED COMMENTS

MADISON CENTRAL HIGH SCHOOL

INVENTORY CONTROL WORKSHEETS

We noted that the Inventory Control Worksheets (F-SA-5) that were completed for softball concession sales were not completed monthly. The worksheet used showed purchases and collections for March, April and May all together. Redbook requires that Inventory Control Worksheets (F-SA-5) recap the flow of inventory on a monthly basis.

MANAGEMENT RESPONSE

The School Bookkeeper and Principal are aware of concession inventory paperwork relating to Redbook. They have emailed coaches regarding the issue and compliance with Redbook. The Athletic Director, School Bookkeeper and Principal will be monitoring their activity for compliance with Redbook. If there continues to be an issue, teams will not be able to sell concessions.

MULTIPLE RECEIPT FORMS

We noted that the deposit made on 4/19/2019, in the amount of \$14,469.20 included a Multiple Receipt Form (F-SA-6) for receipts for the Craft/Vendor Fair in the amount of \$190.00. The person remitting the monies signed on behalf of some (if not all) of the individuals remitting money. Redbook requires that students/individuals sign off on the Multiple Receipt Forms for the funds that they submit.

We noted that the deposit made on 4/19/2019, in the amount of \$14,469.20 included a Multiple Receipt Form (F-SA-6) for receipts for Dance in the amount of \$50.00. The person remitting the monies signed on behalf of some (if not all) of the students remitting money. Redbook requires that students sign off on the Multiple Receipt Forms for the funds that they submit.

We noted that the deposit made on 11/29/2018, in the amount of \$2,529.75 included a Multiple Receipt Form (F-SA-6) for receipts for the Cheer Club in the amount of \$900. The person remitting the monies signed on behalf of some (if not all) of the individuals remitting money. Redbook requires that students/individuals sign off on the Multiple Receipt Forms for the funds that they submit.

MANAGEMENT RESPONSE

Issues with Multiple Receipt Forms have been discussed with staff. The School Bookkeeper and Principal will continue to monitor the situation throughout the school year. Staff that continue to have an issue with completing paperwork properly will be required to receive training from the CFO to ensure future compliance.

CURRENT YEAR COMMENTS

DANIEL BOONE ELEMENTARY

SEGREGATION OF DUTIES

We noted during review of the internal control questionnaire that the bookkeeper, enters invoices into the accounting system, prints checks and matches invoices to checks. The person entering invoices and printing checks should be different from the person that matches the invoices to the checks.

MANAGEMENT RESPONSE

Daniel Boone Elementary has replaced their bookkeeper for the 2019-2020 school year. The new bookkeeper is being trained by Mark Woods, Chief Financial Officer, on Redbook and the Madison County Board of Education Segregation of Duties. This should not be an issue in the future.

GLENN MARSHALL ELEMENTARY

TICKET SALES

We noted during review of ticket sales that the Requisition and Report of Ticket Sales form (F-SA-1) that was submitted for the archery match held on 2/16/2019 did not include the initials of the ticket seller in columns C or E of the form. Redbook requires that the individual that sells tickets for school events initial in both columns C and E stating that he/she sold tickets for the event reported on the form.

MANAGEMENT RESPONSE

The School Bookkeeper and Principal are aware of issues relating to the Archery program and paperwork relating to Redbook. They have met with the coach regarding the issues. The School Bookkeeper and Principal will be monitoring their activity for compliance with Redbook. If there continues to be an issue, the archery coach will not be allowed to fundraise or sell tickets until they receive training from the CFO to ensure future compliance.

BOONESBOROUGH ELEMENTARY

TICKET SALES

We noted during review of ticket sales that the Requisition and Report of Ticket Sales Form (F-SA-1) that was submitted for the March Madness games held on 3/26/2019 did not include the initials of the ticket seller in columns C or E of the form. Redbook requires that the individual that sells tickets for school events initial in both columns C and E stating that he/she sold tickets for the event reported on the form.

MANAGEMENT RESPONSE

The School Bookkeeper agreed that this was an oversight on the ticket sales form. The School Bookkeeper will review the process with all parties prior to any ticket sales during the 19-20 School Year.