

SPENCER COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER COMMENTS

YEAR ENDED JUNE 30, 2019

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Kentucky State Committee for School District Audits and
Members of the Board of Education
Spencer County School District
Taylorsville, Kentucky

In planning and performing our audit of the financial statements of Spencer County School District for the year ended June 30, 2019, 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 5, 2019 contains our report on the District's internal control structure. This letter does not affect our report dated November 5, 2019 on the financial statements of the Spencer County School 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.
Stiles, Carter & Associates, CPAs, P.S.C.
Bardstown, Kentucky
November 5, 2019

SPENCER COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER COMMENTS

JUNE 30, 2019

PRIOR YEAR UNCORRECTED COMMENTS

SPENCER COUNTY MIDDLE SCHOOL

INVENTORY CONTROL WORKSHEETS

We noted that the custom Inventory Control Worksheets (F-SA-5) that were on file for the concession sales held by the Concessions Fund were completed for all months but flow of inventory was unapparent. We also noted that the custom Inventory Control Worksheets were missing the following fields that are present on the F-SA-5 Redbook Form: type of inventory, deliveries, collections, and signature of person completing inventory. Redbook requires that an Inventor Control Worksheet be completed to its entirety on a monthly basis to show the flow of inventory until ending inventory is zero or until the end of the fiscal year.

MANAGEMENT'S RESPONSE:

Training on the completion of the inventory control worksheets (F-SA-5) will be provided to all staff responsible for the completion of the forms.

CURRENT YEAR COMMENTS

SPENCER COUNTY ELEMENTARY SCHOOL

FUNDRAISER APPROVALS

We noted that there were two blanket custom Fundraiser Approval Forms (F-SA-2A) that were submitted for all fundraisers held during the 17-18 school year. However, these forms did not include a signature and date line for the principal to approve and sign the forms, and the forms did not indicate which funds were holding which fundraisers. Therefore we were unable to determine if the fundraisers were held prior to being approved and if the funds were deposited into the correct fund(s).

MANAGEMENT'S RESPONSE:

The blanket fundraisers mentioned were approved prior to the 2017-18 audit comments and the Redbook training that followed. The bookkeeper has been advised to use the appropriate Redbook forms for fundraiser approvals and to complete all information requested thereon.

SPENCER CO. MIDDLE SCHOOL

CASH ADVANCE

We noted that checks #10934 and #11058, dated 3/20/2019 and 6/5/2019, in the amounts of \$100.00 and \$285 were for cash advances for a HOSA State Leadership Conference and a World Travel trip. However, there were no receipts or expense report on file. Redbook requires that the Expense Report, related receipts, other supporting documentation, and unused cash be returned by the close of the next business day after the trip.

MANAGEMENT'S RESPONSE:

The issuance of cash advances and the required supporting documentation has been addressed in Redbook trainings. The finance officer will work with the bookkeeper on developing a work flow system that includes follow up on supporting documentation. Redbook training for teachers/sponsors will also be addressed with school administration.