



CAMPBELL, MYERS AND RUTLEDGE, PLLC

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Members of the Board of Education
Allen County Board of Education
Scottsville, Kentucky 42164

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allen County Board of Education as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered Allen County Board of Education's system of 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 Allen County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Allen County Board of Education's internal control.

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.

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. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, Allen County Board of Education, others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Campbell, Myers & Rutledge, PLLC

Glasgow, Kentucky

November 4, 2024

PRIOR YEAR FINDINGS

2023-001 Noncompliance with Regulations - Insurance Coverage

Criteria: KRS 160.105 and KAR 702 3:030 detail the Kentucky Department of Education's requirements for the board of education to procure insurance coverage for all buildings and their contents for an amount equal to 100 percent of the replacement cost as shown on the schedule of values certified by the Kentucky Department of Education or as determined through a certified replacement cost appraisal.

Condition: The District did not have adequate insurance coverage to comply with the requirements set forth by the Kentucky Department of Education.

Cause: The District was unaware of proper insurance coverage requirements as prescribed by KDE.

Effect: The District was not in compliance with the insurance coverage requirements set forth by the Kentucky Department of Education.

Recommendation: We recommend that the District familiarize themselves with the insurance coverage requirements and contact their insurance provider to amend the policy to comply with replacement costs shown on the schedule of values certified by KDE.

Response: The District recognizes that there has been insufficient coverage in the past. At the end of the fiscal year under audit, the District advertised for bids and selected a new insurance provider and is in compliance with insurance coverage requirements beginning with fiscal year 2023-2024.

CURRENT YEAR FINDINGS

2024-001 Communication Regarding Fixed Asset Acquisitions

Criteria: Adequate communication regarding fixed asset acquisitions is essential to the financial reporting process.

Condition: Fixed asset acquisitions were not being adequately communicated to the Finance Officer.

Cause: The District did not adequately communicate fixed asset acquisitions to the Finance Officer.

Effect: The inadequate communication created difficulties in determining the extent of fixed asset acquisitions during the year which created inefficiencies in the financial reporting process.

Recommendation: We recommend that after the approval of fixed asset acquisitions by the Deputy Superintendent, the Accounts Payable Clerk compile a list of the fixed asset acquisitions to be given to the Finance Officer at the end of the year.

Response: The District recognizes the importance of adequate communication in the financial reporting process. The District has implemented a process to improve communication with the Finance Officer regarding fixed asset acquisitions.

2024-002 Allen County-Scottsville High School Attendance Incentives

Criteria: The Kentucky Department of Education's Accounting Procedures for Kentucky School Activity Funds states that attendance incentives paid for by activity fund resources are disallowed expenditures.

Condition: Kona Ice noninstructional attendance incentives were purchased for Allen County-Scottsville High School students.

Cause: Activity fund resources were spent out of compliance with Accounting Procedures for Kentucky School Activity Funds.

Effect: Allen County-Scottsville High School was not in compliance with The Kentucky Department of Education's Accounting Procedures for Kentucky School Activity Funds' disallowed expenditures guidelines.

Recommendation: We recommend that activity fund resources be expended in compliance with Accounting Procedures for Kentucky School Activity Funds.

Response: The District implemented annual training on the Kentucky Department of Education's Accounting Procedures for Kentucky School Activity Funds in 2024. This matter will be emphasized.

2024-003 Allen County Primary Center Attendance Incentives

Criteria: The Kentucky Department of Education's Accounting Procedures for Kentucky School Activity Funds states that attendance incentives paid for by activity fund resources are disallowed expenditures.

Condition: A bicycle noninstructional attendance incentive was purchased for an Allen County Primary Center student.

Cause: Activity fund resources were spent out of compliance with Accounting Procedures for Kentucky School Activity Funds.

Effect: The Allen County Primary Center was not in compliance with The Kentucky Department of Education's Accounting Procedures for Kentucky School Activity Funds' disallowed expenditures guidelines.

Recommendation: We recommend that activity fund resources be expended in compliance with Accounting Procedures for Kentucky School Activity Funds.

Response: The District implemented annual training on the Kentucky Department of Education's Accounting Procedures for Kentucky School Activity Funds in 2024. This matter will be emphasized.

2024-004 Allen County School District

Criteria: The expenditures guidelines in the Kentucky Department of Education's Accounting Procedures for Kentucky School Activity Funds state that purchase orders should be prepared and approved before payment is required. Timely purchase order preparation ensures sufficient time for purchases to be reviewed and approved.

Condition: During our review of the activity funds, we noted multiple instances of purchase orders being dated after invoice dates.

Cause: Purchase order approval was not received before purchases occurred.

Effect: The District was not in compliance with The Kentucky Department of Education's Accounting Procedures for Kentucky School Activity Funds' expenditures guidelines.

Recommendation: We recommend that purchase orders be dated before invoice dates.

Response: The District implemented annual training on the Kentucky Department of Education's Accounting Procedures for Kentucky School Activity Funds in 2024. This matter will be emphasized.