

PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Tammy Patrick, CPA
tammy@patrickassoc.com
(859) 808-1329

Beth Francis
beth@patrickassoc.com
(859) 333-2360

January 9, 2025

MANAGEMENT LETTER

Kentucky State Committee for School District Audits
Board of Education of the Hancock County School District
Hawesville, KY

In planning and performing our audit of the basic financial statements of the Hancock County School District (the District) for the year ended June 30, 2024, 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.

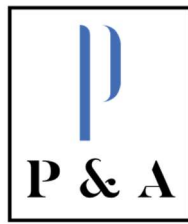
However, during our audit we became aware of matters we consider to be opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. Comments included in the prior year management letter have been included in the memorandum, along with the current year status of each finding. A separate report dated January 9, 2025, contains our report on the District's internal control. This letter does not affect our report dated January 9, 2025, on the financial statements of the Hancock County School District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and the implementation of suggested procedures is currently being reviewed. We will be pleased to discuss these in further detail at your convenience, to perform 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 Hancock County School District, 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.

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MEMORANDUM – SUMMARY OF COMMENTS AND RECOMMENDATIONS

Prior Year Comments and Recommendations

HANCOCK COUNTY – BOARD OF EDUCATION

IMPROVING PROCEDURES OVER RECURRING GRANT EXPENDITURES

During our single audit compliance testing of special education grant funds, we identified one transaction that may not follow grant requirements. The transaction in question was the inadvertent purchase of an Apple Watch that was improperly included with allowable monthly cell service expenditures. The item was not material to the grant but we thought it was important to put in writing to prevent future occurrences.

Current Year Status and Recommendation

No similar issues noted during the 2024 audit.

IMPROVING PROCEDURES OVER SCHOOL ACTIVITY FUNDS

During our test of the receipts and disbursement cycles of the student activity funds for the District, we noted several instances where staff failed to follow procedures promulgated by the Kentucky Department of Education's *Accounting Procedures for Kentucky School Activity Funds* (The Redbook). The following conditions were noted from our sample.

- One instance related to the deposit slips not being initialed;
- Fourteen instances related to the deposit receipt not being properly approved;
- One instance related to the deposit slip not being completed;
- Two instances related to bank reconciliations containing one signature;
- One instance related to gate receipts not matching tickets;
- One instance related to the Game Gate form not being totaled completely;
- Eight instances related to the Multiple Receipt Forms missing information;
- Two instances related to checks missing dual signatures;
- Three instances related to Purchase Orders only containing one signature;
- Eleven instances where invoice approval was missing;
- One instance related where no invoice was on file to support disbursement.

Current Year Status and Recommendation

No similar issues noted during the 2024 audit.

MEMORANDUM – SUMMARY OF COMMENTS AND SUGGESTIONS (Continued)

Prior Year Comments and Recommendations (Continued)

HANCOCK COUNTY HIGH SCHOOL

PROCESSING CASH RECEIPTS AND DISBURSEMENTS

1. The following was noted related to the cash receipt process:
 - Auditor noted one instance where the cash receipt was lacking approval initials on deposit receipt.
2. The following were noted related to the cash disbursement process:
 - Auditor noted that one check was missing dual signatures;
 - Auditor noted four instances where invoices were missing a signature for approval.

Current Year Status and Recommendation

No similar issues noted during the 2024 audit.

HANCOCK COUNTY MIDDLE SCHOOL

PROCESSING CASH RECEIPTS AND DISBURSEMENTS

1. The following were noted related to the cash receipt process:
 - Auditor noted that two bank reconciliations contained one signature;
 - Auditor noted a **repeat finding** that one cash receipt was lacking proper initials on the deposit receipt;
 - Auditor noted that one Gate Receipt did not match the ticket totals;
 - Auditor noted that one Game Receipt form was not totaled correctly
 - Auditor noted a **repeat finding** that six Multiple Receipt forms were not properly completed.
2. The following was noted related to the cash disbursement process:
 - Auditor noted a **repeat finding** that four invoices were missing a signature for approval.

Current Year Status and Recommendation

No similar issues noted during the 2024 audit.

NORTH ELEMENTARY SCHOOL

PROCESSING CASH RECEIPTS AND DISBURSEMENTS

1. The following were noted related to the cash receipt process:
 - Auditor noted a **repeat finding** that twelve cash receipts were lacking proper initials on the deposit ticket;
 - Auditor noted that one Multiple Receipt form was not properly completed.
2. The following was noted related to the cash disbursement process:
 - Auditor noted a **repeat finding** that two Purchase Orders only contained one signature;
 - Auditor noted **repeat findings** of three invoices that were missing a signature for approval.

Current Year Status and Recommendation

No similar issues noted during the 2024 audit.

MEMORANDUM – SUMMARY OF COMMENTS AND SUGGESTIONS (Continued)

Prior Year Comments and Recommendations (Continued)

SOUTH ELEMENTARY SCHOOL

PROCESSING CASH RECEIPTS AND DISBURSEMENTS

1. The following were noted related to the cash receipt process:
 - Auditor noted a that one cash receipt was lacking approval initials on the deposit slip;
 - Auditor noted that one cash receipt was lacking a deposit slip;
 - Auditor noted that one Multiple Receipt form was not properly completed.
2. The following was noted related to the cash disbursement process:
 - Auditor noted that one check was missing dual signatures;
 - Auditor noted that one Purchase Order only had contained one signature;
 - Auditor noted one instance where the invoice was not attached to the supporting documentation.

Current Year Status and Recommendation

No similar issues noted during the 2024 audit.

Current Year Comments and Recommendations

Hancock Middle School

ANNUAL FINANCIAL REPORT

There was not an annual financial statement on file. The annual financial statement was received on the last day of fieldwork. Redbook requires that an Annual Financial Report signed by the bookkeeper and principal be filed and turned into the board office by the 25th of July.

North Hancock Elementary School

CREDIT CARDS

It was noted that credit cards are not being returned timely. Also, the form used as the credit card sign in/out sheet is outdated and doesn't have all the elements required to be completed. Credit cards should be returned by the next business day.

GRANT MONEY

Grant money was deposited into the student activity account. Redbook prohibits grant money from being deposited in the student activity account.

FUNDRAISERS

It was noted that fundraiser approval forms were not completed for two fundraisers. Redbook requires fundraiser approval forms for all fundraisers which should contain the signature of the sponsor, the school principal, and board approval where required.

EXTERNAL SUPPORT/BOOSTER ORGANIZATION

We noted that no fundraiser documents were provided to the auditor for the PTO. There are mandatory record keeping requirements for all external fundraisers.

Management's Response:

Management concurs and will take corrective action immediately. The Director of Finance will work with school bookkeepers to correct the issues and implement appropriate procedures going forward.