

PATRICK & ASSOCIATES, LLC

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January 12, 2023

MANAGEMENT LETTER

Kentucky State Committee for School District Audits
Board of Education of the Breckinridge County School District
Hardinsburg, KY

In planning and performing our audit of the basic financial statements of the Breckinridge County School District (the District) for the year ended June 30, 2022, 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 12, 2023, contains our report on the District's internal control. This letter does not affect our report dated January 12, 2023, on the financial statements of the Breckinridge County School District.

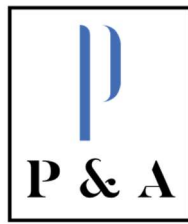
We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and the implementation of suggested procedures is currently being reviewed. We will be pleased to discuss these in further detail at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

BRECKINRIDGE COUNTY SCHOOL DISTRICT

FEDERAL FUNDS

For all salaried employees paid from federally funded programs, it is required that wages allocated are substantiated by time and attendance records, a semi-annual certification or a direct supervisor confirming, in writing, the employee's total service time in each program over a specific period of time. During the 2021 audit it was noted that these forms or requirements mentioned above are not being maintained or completed for all federal grant sources. We recommend that completing the required forms or documentation to support the claim of payroll against specific grants regardless of whether the employee's position is funded fully using federal monies or not.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

BRECKINRIDGE COUNTY HIGH SCHOOL

ANNUAL FINANCIAL REPORT

We noted that the Annual Financial Report (F-SA-15A) that was on file for the 2020-2021 fiscal year was not signed as being approved by the school's principal and was not signed by the school's bookkeeper as being prepared. Redbook requires that the Annual Financial Report be submitted to the board by July 25th.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

SEGREGATION OF DUTIES

We also noted during the review of the Internal Control Questionnaire, completed by the school's bookkeeper, that the bookkeeper is performing the following duties: enters invoices into the accounting system, prints checks, matches the invoices to checks, and mails the checks. Redbook requires the person that enters invoices and prints checks to be different from the person that matches invoices to checks and puts them in the mail.

In addition, we noted that the principal is not signing and dating the front page of the bank statements as required by Redbook.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

Prior Year Comments and Recommendations (Continued)

BRECKINRIDGE COUNTY HIGH SCHOOL (Continued)

FUNDRAISERS

We noted that the school had Fundraiser Approval Forms (F-SA-2A) on file for two the fundraisers tested. However, both were missing the board approval signatures. Redbook requires that the local board approve all school-wide fundraisers, including the proposed use of funds. The Fundraiser & Crowdfunding Approval (Form F-SA-2A) shall be completed before the fundraiser begins.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

CASH DEFICIT

We noted that the AIM activity account had a deficit balance of \$301 at year end after taking accounts payable into consideration. Redbook requires that if an activity account ends the year with a negative balance (after taking receivable and accounts payable into consideration), then the general activity account must cover the deficit by June 30.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

TRANSFERS

We noted that transfers were dated July 13, 2020 from numerous activity accounts that included soccer, football, powder puff, varsity cheer, NHS, DECA, chorus, and academic team to greenhouse account. Based on procedures performed these transfers appear to have been repayment of a loan that was made in the preceding year to prevent deficit balances in the account. Transfers dated June 29, 2021 were made from the athletics account to numerous other accounts that includes soccer, football, NHS, academic team, and chorus. Several of these accounts unless otherwise not had transfers performed would have ended with deficit balances. Transfers from the accounts noted above to cover deficits are not permitted by Redbook. The board did issue two checks totaling \$48,000 to the school activity funds, however these funds were deposited into the athletics account instead of the general account as they should have been. We also noted one transfer form that was missing the sponsor's signature.

Redbook requires that if an activity account ends the year with a negative balance (after taking receivable and accounts payable into consideration), then the general activity account must cover the deficit by June 30th. If the school activity fund bank account ends the year with a negative balance (after taking receivable and accounts payable into consideration), then the district's general fund shall cover any deficit by 30th. A written request signed by the principal requesting to have general funds cover the deficit in the school activity fund bank account shall be submitted to the district's finance officer. The written request and finance officer's signature to transfer general fund monies shall be maintained at the school. Redbook also requires that the F-SA-10 Transfer Forms be completed in their entirety.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

INVENTORY CONTROL WORKSHEET

We noted that the Inventory Control Worksheets (F-SA-5) that were on file for the sports concessions were completed for the months of April through June. The ending count matched the beginning count for the next month, but the dollar amount did not flow. Based on the review of the worksheets, it appears that inventory is either being inaccurately accounted for or items are going missing. Based on discussions it was noted that there may be need to be tighter controls over the physical location of where the inventory is housed between sales events.

Prior Year Comments and Recommendations (Continued)

BRECKINRIDGE COUNTY HIGH SCHOOL (Continued)

INVENTORY CONTROL WORKSHEET (Continued)

Redbook requires inventory control worksheets to be completed on a monthly basis to document the flow of inventory. The person filling out this form cannot be the same person that collects monies and completes the Sales from Concessions/Bookstore/School Store/Pencil Machine Form (Form F-SA-17). The Sales from Concessions/Bookstore/School Store/Pencil Machine Form (Form F-SA-17) is to be used each time money is collected from these activities and turned in with the money to the school treasurer. The form must be completed for each event and each time the machine is serviced or money from these activities is collected. There shall be two different individuals involved: one individual to collect and count the monies from sales and a separate individual to complete the Monthly Inventory Control Worksheet (F-SA-5). The original form shall be given to the school treasurer with the money and a copy kept with the Inventory Control Worksheet. The form shall be signed by the individual preparing the form and by the school treasurer. We recommend that the school increase controls over the inventory process.

Current Year Status and Recommendation

A similar comment is included in the current year comments and recommendations.

EXTERNAL SUPPORT/BOOSTER ORGANIZATION

We noted that there was an Annual Financial Report and Budget on file for the school year 2020-2021 for Band Boosters, however, neither were signed and dated by the principal or the bookkeeper. Based on this we are unable to determine whether the annual report and the budget were presented timely in accordance with Redbook requirements. Redbook requires that external support organizations obtain an Annual Financial Report signed by the principal by the 25th of July. Redbook also requires that the budget of an external booster club be presented within 30 days of the beginning of the year or within 30 days of the first transaction of the group.

Current Year Status and Recommendation

A similar comment is included in the current year comments and recommendations.

DISBURSEMENTS

We noted that a renewal for Sam's Club membership was purchased but there was also another membership purchased that was not noted on the purchase order form and for no apparent reason. In addition, on two of the four disbursements tested sales tax was paid totaling \$20.75. Schools are tax-exempt entities and should not pay sales taxes. Abuse of funds by purchasing unnecessary items or items for personal use should be avoided or prohibited.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

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 basketball game held on January 4, 2021 that the signatures of ticket taker, ticket seller, and the person in charge were missing. Redbook requires that these duties be segregated and the form be completed and given to the school bookkeeper by the next working day.

Current Year Status and Recommendation

A similar comment is included in the current year comments and recommendations.

RECEIPTS AND FUNDRAISERS

We noted during testing of receipts that receipt numbers were not present on any of the four deposit slips tested. In addition, there was not a fundraiser approval form found for the fruit sales activity conducted by football. There was a Fundraiser Approval Form (F-SA-2A) on file was for fruit sales between January 1, 2020 through January 24, 2020. However, these fundraising receipts mentioned above were taken in March 2021 on numerous occasions. Additionally, we were unable to obtain a Fundraiser Approval Form (F-SA-2A) for basketball ticket sales.

Prior Year Comments and Recommendations (Continued)

BRECKINRIDGE COUNTY HIGH SCHOOL (Continued)

RECEIPTS AND FUNDRAISERS (Continued)

Redbook requires that contributions and collections derived from school-sponsored fundraising activities shall be deposited in the school's activity fund bank account or district bank account. The local board shall approve all school-wide fundraisers, including the proposed use of funds. The Fundraiser & Crowdfunding Approval (Form F-SA-2A) shall be completed before the fundraiser begins. The principal or a designee shall approve all other fundraisers in the school, including the proposed use of funds. The same Fundraiser & Crowdfunding Approval (Form F-SA-2A) shall be completed before the fundraiser begins. Income from a fundraiser must be used for the purpose indicated on the Fundraiser & Crowdfunding Approval (Form F-SA-2A). Redbook also requires that receipt numbers be noted on the deposit slips.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

BRECKINRIDGE COUNTY MIDDLE SCHOOL

SEGREGATION OF DUTIES

We noted during the review of the Internal Control Questionnaire, completed by the school's bookkeeper, that the bookkeeper is performing the following duties: photocopies checks/records receipts, records revenue in the accounting system and takes the deposit to the bank. Redbook requires the person that photocopies checks/records receipts and records revenue in the accounting system to be different from the person that takes the deposit to the bank.

We also noted during the review of the Internal Control Questionnaire, completed by the school's bookkeeper, that the bookkeeper is performing the following duties: enters invoices into the accounting system, prints checks, matches the invoices to checks, and mails the checks. Redbook requires the person that enters invoices and prints checks to be different from the person that matches invoices to checks and puts them in the mail.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

FUNDRAISERS

We noted that the school had Fundraiser Approval Forms (F-SA-2A) on file for the two volleyball fundraisers tested. However, one missing the signatures of both the sponsor and the board and the other was missing the board approval signature. Redbook requires that the local board approve all school-wide fundraisers, including the proposed use of funds. The Fundraiser & Crowdfunding Approval (Form F-SA-2A) shall be completed before the fundraiser begins.

Current Year Status and Recommendation

A similar comment is included in the current year comments and recommendations.

INVENTORY CONTROL WORKSHEET

We reviewed the Inventory Control Worksheets (F-SA-5) that were on file for the sports concessions completed for the months of January through March 2020. However, the inventory control worksheet for January had an ending balance of \$1,980.50 while the beginning balance for February showed \$1,976.50, a difference of \$4. The ending February inventory showed an ending balance of \$2,711.50 while the beginning March balance was \$2,236, a difference of \$475.50. Based on the above, it appears that inventory is either being inaccurately accounted for or items are going missing.

Prior Year Comments and Recommendations (Continued)

BRECKINRIDGE COUNTY MIDDLE SCHOOL (Continued)

INVENTORY CONTROL WORKSHEET (Continued)

Redbook requires inventory control worksheets to be completed on a monthly basis to document the flow of inventory. The person filling out this form cannot be the same person that collects monies and completes the Sales from Concessions/Bookstore/School Store/Pencil Machine Form (Form F-SA-17). The Sales from Concessions/Bookstore/School Store/Pencil Machine Form (Form F-SA-17) is to be used each time money is collected from these activities and turned in with the money to the school treasurer. The form must be completed for each event and each time the machine is serviced or money from these activities is collected. There shall be two different individuals involved: one individual to collect and count the monies from sales and a separate individual to complete the Monthly Inventory Control Worksheet (F-SA-5). The original form shall be given to the school treasurer with the money and a copy kept with the Inventory Control Worksheet. The form shall be signed by the individual preparing the form and by the school treasurer. We recommend that the school increase controls over the inventory process.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

BEN JOHNSON ELEMENTARY SCHOOL

SEGREGATION OF DUTIES

We also noted during the review of the Internal Control Questionnaire, completed by the school's bookkeeper, that the bookkeeper is performing the following duties: enters invoices into the accounting system, prints checks, matches the invoices to checks, and mails the checks. Redbook requires the person that enters invoices and prints checks to be different from the person that matches invoices to checks and puts them in the mail.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

EXTERNAL SUPPORT/BOOSTER ORGANIZATION

We noted that there was not a copy of the PTA annual report on file for the school year 2020-2021. Redbook requires each external support/booster organization must submit an annual financial report for the fiscal year ending June 30 to the principal by July 25th. The annual financial report shall contain, at a minimum, cash beginning balance, cash ending balance, and revenues and expenditures by category (i.e. admission revenues, concession revenues, items for resale, supplies). This should be signed and dated by the principal designating compliance with the July 25th deadline.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

FUNDRAISERS

We noted that the school had receipts for Teacher's Lounge and District Library Fundraiser, however there not a Fundraiser Approval Form (F-SA-2A) on file for these fundraisers. Therefore, we were unable to determine if these fundraisers were approved or if these funds were properly deposited into or expensed from the correct accounts.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

CUSTER ELEMENTARY SCHOOL

SEGREGATION OF DUTIES

We noted during the review of the Internal Control Questionnaire, completed by the school's bookkeeper, that the bookkeeper is performing the following duties: enters invoices into the accounting system, prints checks, matches the invoices to checks, and mails the checks. Redbook requires the person that enters invoices and prints checks to be different from the person that matches invoices to checks and puts them in the mail.

Prior Year Comments and Recommendations (Continued)

CUSTER ELEMENTARY SCHOOL (Continued)

SEGREGATION OF DUTIES (Continued)

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

HARDINBURG ELEMENTARY SCHOOL

EXTERNAL SUPPORT/BOOSTER ORGANIZATION

We noted that there was not an Annual Financial Report or Budget on file for the school year 2020-2021. Redbook requires that external support organizations remit an Annual Financial Report to be signed by the principal by the 25th of July. Each external support/booster organization must submit an annual External Support/Booster Organization Budget worksheet (Form F-SA-4B) to the principal within the first thirty days of the school year or within thirty days of the first transaction of the group. The budget shall contain, at a minimum, estimated revenues from admissions, fundraisers, dues, concession sales, and other categories and estimated expenditures by category.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

ANNUAL FINANCIAL REPORT

We noted that the Annual Financial Report (F-SA-15A) on file for the 2020-2021 fiscal year was not signed as being approved by the school's principal or school's bookkeeper. Redbook requires that the Annual Financial Report be submitted to the board by July 25th and properly completed.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

RECEIPTS

We tested a sample of three bank deposits and the corresponding support. All three deposit slips were missing the receipt numbers that correspond with the money being deposited. Redbook requires the school treasurer prepare deposit slips containing the issuer's name and the amount of each check or retain a copy of all checks to be deposited. The deposit slip shall note the receipt numbers in the deposit. Additionally, the verification by the principal that the deposits are being properly handled is a requirement of Redbook.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

FUNDRAISERS

We noted that the school had receipts for Cheerleading and Library, however Fundraiser Approval Forms (F-SA-2A) were not on file for these fundraisers. Therefore, we were unable to determine if these fundraisers were approved or if these funds were properly deposited into or expensed from the proper accounts.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

IRVINGTON ELEMENTARY SCHOOL

SEGREGATION OF DUTIES

We also noted during the review of the Internal Control Questionnaire, completed by the school's bookkeeper, that the bookkeeper is performing the following duties: enters invoices into the accounting system, prints checks, matches the invoices to checks, and mails the checks. Redbook requires the person that enters invoices and prints checks to be different from the person that matches invoices to checks and puts them in the mail.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

Prior Year Comments and Recommendations (Continued)

IRVINGTON ELEMENTARY SCHOOL (Continued)

FUNDRAISERS

We noted that the school had receipts for Teacher's Lounge, Yearbook, and Library Fundraiser, however Fundraiser Approval Forms (F-SA-2A) were not on file for these fundraisers. Additionally, Multiple Receipt Forms (F-SA-2A) were used as opposed to the required Fundraiser Summary Form (F-SA-2B) and Sales Collection Form (F-SA-17). As a result, we were unable to determine if these fundraisers were approved or if these funds were properly deposited into or expensed from the correct accounts.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

RECEIPTS

We tested a sample of three bank deposits and the corresponding support. All three deposit slips were missing the receipt numbers that correspond with the money being deposited. Redbook requires the school treasurer prepare deposit slips containing the issuer's name and the amount of each check or retain a copy of all checks to be deposited. The deposit slip shall note the receipt numbers in the deposit. Additionally, the verification by the principal that the deposits are being properly handled is a requirement of Redbook.

Current Year Status and Recommendation

No similar issues noted during the 2022 audit.

Current Year Comments and Recommendations

BRECKINRIDGE COUNTY HIGH SCHOOL

INVENTORY

We reviewed four inventory control worksheets and noted discrepancies of \$3,692, \$666, \$3,204, and 5,286 totaling \$12,848. These worksheets are designed to ensure that inventory is properly tracked and to prevent loss or misappropriation. Based on the above, it appears internal controls for inventory items are not adequate.

Redbook requires inventory control worksheets to be completed on a monthly basis to document the flow of inventory. The person filling out this form cannot be the same person that collects monies and completes the Sales From Concessions/Bookstore/School Store/Pencil Machine Form (Form F-SA-17). The Sales from Concessions/Bookstore/School Store/Pencil Machine Form (Form F-SA-17) is to be used each time money is collected from these activities and turned in with the money to the school treasurer. The form must be completed for each event and each time the machine is serviced or money from these activities is collected. There shall be two different individuals involved: one individual to collect and count the monies from sales and a separate individual to complete the Monthly Inventory Control Worksheet (F-SA-5). The original form shall be given to the school treasurer with the money and a copy kept with the Inventory Control Worksheet. The form shall be signed by the individual preparing the form and by the school treasurer. We recommend that the school increase controls over the inventory process. Additionally, there are no records maintained that demonstrates loss due to spoilage or giveaways. Finally, there should be policies established that provides guidance to how much and whom giveaways are permitted for.

PRINCIPALS COMBINING BUDGET

We noted that the principal's combining budget wasn't signed by the principal or bookkeeper till May 10, 2021. The due date for the principal's combining budget is May 1 of each year.

FUNDRAISERS

We sampled five fundraisers and noted several issues as described below:

<u>Group</u>	<u>Fundraiser</u>	<u>Issues Noted</u>
Football	Strawberries	1) Not approved prior to 1st activity
Volleyball	Fan Cloth	1) Missing Board Approval 2) No fundraiser Summary Form F-SA-2B
Football	Dinner	3) No copies of tickets or Form F-SA-1
Football	Raffle	1) No copies of tickets or Form F-SA-1 2) No documentation of who won/signature claiming 3) No Tax Information Found 4) No Support of Amount Earned/F-SA-2B
Baseball	Dinner	1) No copies of tickets or Form F-SA-1

Redbook requires fundraisers to be approved prior to any activity. Also, board approval is required for fundraisers that would be considered school-wide. Redbook requires that any event where admission is charged that tickets be sold, such as sporting events, dances, etc. Additionally, for activities where tickets are sold, the F-SA-1 is required. Form F-SA-2B is not required for gate receipts or season tickets, however, it is required for all other ticket sales that documents the amount earned for the fundraiser. Failure to document the winner and amounts for raffle (split the pot) activities results in the activity being susceptible to fraud or misappropriation. Finally, failure to document the winner results in increased fraud risk and potential noncompliance with federal tax regulations. In accordance with IRS regulations, any person that receives \$600 or more, or 300 times the wager is required to receive a W-2G and be reported to the IRS.

Current Year Comments and Recommendations (Continued)

BRECKINRIDGE COUNTY HIGH SCHOOL (Continued)

EXTERNAL BAND BOOSTER

We noted that the Band Boosters budget was signed by the principal on August 11, 2021, however the booster club had activity in July 2021. Redbook requires that the budget be submitted to the principal within 30 days of activity for the year.

TRANSFERS

We noted that there were transfers with the approval signature of the principal dated July 5, 2022 that were for the year ended June 30, 2022. Redbook requires that these transfers be approved and completed prior to the year end.

GRANTS

We noted that grant money was deposited in the activity fund account. Redbook prohibits the deposit of grant fund in the activity accounts and requires it to be sent to the board office. Additionally, Redbook also prohibits fundraisers for individuals.

TICKET SALES

We reviewed five ticket sales events and noted that forms are not being filled out completely by missing the ticket taker's signature, signature to acknowledge the receipt of the change box, description of event, or receipt number(s). Additionally, in some cases the required signatures were not dated until several days after the event and the bookkeeper had already deposited the funds. We also noted at one of the events tickets were being given away for free in lieu of work being completed prior to the event. There are no policies noted that govern this and/or proof of who received the free tickets noted.

CAUSE FUNDRAISING

We noted two groups raised money for tornado victims of western Kentucky. One group raised funds that were deposited on December 13, 2021, and then remitted to the State of Kentucky Relief Fund on February 9, 2022. The second group raised funds that were deposited on December 14, 2021 totaling \$540, as of December 2022, these funds have not been remitted for the intended purpose. These funds should be remitted timely and for the purpose approved.

RECEIPTS

We sampled four receipts and noted that there were no ticket sales forms (F-SA-1) for Project Graduation, Homecoming Dance, or Split the Pot raffle. Additionally, we noted the cash advance returned deposit of \$164 was deposited on June 30, 2022. This cash advance was done on May 31, 2022. Cash advances are required to be returned the next business day after the cash advance event. As noted in the ticket comment, ticket forms are required along with evidence of the number of tickets sold.

DISBURSEMENTS

We sampled six disbursements and noted three of the disbursements had purchase orders that were issued after the purchase was made and one disbursement did not have a purchase order. Redbook requires approval of a purchase order prior to the time of purchase.

BRECKINRIDGE COUNTY MIDDLE SCHOOL

FUNDRAISERS

We reviewed fundraiser forms and noted that on one the old form was utilized instead of the version updated in 2019 and therefore the signature of the sponsor was absent on the form. The Fundraiser & Crowdfunding Approval (Form F-SA-2A) shall be completed before the fundraiser begins.

GRANTS

We noted that a grant was receipted and disbursed through activity funds. Redbook prohibits grants being part of the activity funds. Grants should be administered by the board of education.

Disbursements

We noted four disbursements that were paid using the school's standard invoice instead of maintaining the original receipt. Standard invoices should only be used in circumstances where a receipt to verify the purchase is not obtainable.

Current Year Comments and Recommendations (Continued)

BRECKINRIDGE COUNTY MIDDLE SCHOOL (Continued)

TICKET SALES

We sampled two ticket events and noted that one was missing the "In Charge" signature on the Requisition and Report Of Ticket Sales Form (F-SA-1). These forms should be completed in their entirety.

PRINCIPALS COMBINING BUDGET

We noted that the principal's combining budget wasn't signed by the bookkeeper and was not dated. Therefore, we were unable to determine whether the budget was submitted timely. The due date for the principal's combining budget is May 1 of each year.

CUSTER ELEMENTARY SCHOOL

FUNDRAISERS

During testing it was noted that the school has raffles as part of the fundraising activities of the charitable gaming account. These activities should have fundraiser approval forms and ticket acquisition forms, neither were found.

Rebooks requires that fundraisers be approval prior to any activity. Also, board approval is required for fundraisers that would be considered school-wide. Redbook requires that any event where admission is charged that tickets be sold, such as sporting events, dances, etc. In addition, for activities where tickets are sold, the F-SA-1 is required. Form F-SA-2B is not required for gate receipts or season tickets, however, it is required for all other ticket sales that documents the amount earned for the fundraiser. Failure to document the winner and amounts for raffles (split the pot) activities results in the activity being susceptible to fraud or misappropriation. Finally, failure to document the winner results in increased fraud risk and potential noncompliance with federal tax regulations. In accordance with IRS regulations, any person that receives \$600 or more or 300 times the wager is required to receive a W-2G and be reported to the IRS.

MANAGEMENT RESPONSE TO ALL SCHOOL ACTIVITY MANAGEMENT LETTER FINDINGS:

The Chief Financial Officer reviewed the findings with both the Principal and Bookkeeper at the school. Relevant Redbook procedures were discussed along with the steps to strengthen internal control. The District has implemented an internal review process and assigned a central office employee to over see the internal reviews of each school. In addition, the District has contracted with an outside vendor to conduct a Redbook training onsite. The District intends to require school administrators, along with bookkeepers, to attend the training.