



CAMPBELL, MYERS AND RUTLEDGE, PLLC

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Members of the Board of Education
Caverna Independent School District
Cave City, Kentucky 42127

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Caverna Independent School District as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Caverna Independent School District's 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 Caverna Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Caverna Independent School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we also became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various governmental unit personnel, and 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 communication is intended solely for the information and use of management, Caverna Independent School District, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Campbell, Myers & Rutledge, PLLC

Certified Public Accountants
Cave City, Kentucky

October 25, 2022

CURRENT YEAR FINDINGS

Caverna High School

Criteria: *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) requires that purchase orders be used to initiate a purchase.

Condition: Multiple purchase orders were dated after the vendor invoice.

Cause: Purchase orders were being completed and approved after a purchase was initiated.

Effect: Compliance with *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) was not achieved.

Recommendation: We recommend that purchase orders be completed prior to the purchase of good or services in order to be in compliance with *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book).

Response: Annual training for *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) and current issues were brought to the attention of administrative personnel for emphasis. The District plans to internally audit this finding over the course of the next year to make sure it is still not occurring.

Caverna Middle School

Criteria: *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) requires that purchase orders be used to initiate a purchase.

Condition: Multiple purchase orders were dated after the vendor invoice.

Cause: Purchase orders were being completed and approved after a purchase was initiated.

Effect: Compliance with *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) was not achieved.

Recommendation: We recommend that purchase orders be completed prior to the purchase of good or services in order to be in compliance with *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book).

Response: Annual training for *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) and current issues were brought to the attention of administrative personnel for emphasis. The District plans to internally audit this finding over the course of the next year to make sure it is still not occurring.

Caverna Middle School

Criteria: *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) sets forth accounting guidelines that stipulate no fund shall end the year in a deficit balance.

Condition: The Caverna Middle School had a fund that ended the year in a deficit balance.

Cause: Annual review of fund balances was not conducted at the end of the year.

Effect: Compliance with *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) was not achieved.

Recommendation: We recommend that both the school principal and bookkeeper be reminded that this is a point of emphasis when they review and sign the monthly AFR.

Response: Annual training for *A Uniform Program of Accounting for School Activity Funds in Kentucky Schools* (Red Book) and current issues were brought to the attention of administrative personnel for emphasis. The District plans to internally audit this finding over the course of the next year to make sure it is still not occurring

Caverna Board of Education

Criteria: *Government Auditing Standards* requires internal controls over financial reporting that are designed to provide reasonable assurance regarding the preparation of reliable financial statements and other financial records.

Condition: The classified salary schedule does not include all classified employees.

Cause: The classified salary schedule is approved by the Board each year but the schedule is incomplete.

Effect: Controls were not in place to provide reasonable assurance that transactions of the Board, are being made in accordance with authorizations of management and those charged with governance.

Recommendation: We recommend that controls are put in place to prevent such errors.

Response: Controls will be implemented to provide assurance of reliable financial records. The Superintendent will review the Board approved salary schedules for completeness.