

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE KENTUCKY DEPARTMENT OF EDUCATION**

**OMB CIRCULAR A-133 DESK REVIEWS
FOR THE FISCAL YEAR JUNE 30, 2015 AUDIT REPORTS**



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report On Applying Agreed-Upon Procedures

Dr. Stephen Pruitt, Commissioner
Kentucky Department of Education
Capital Plaza Tower
500 Mero Street
Frankfort, KY 40601

We have performed the procedure below, which was agreed to by the Kentucky Department of Education (KDE), solely to assist KDE in assuring that audit reports submitted by school districts and other entities meet applicable reporting standards and Office of Management and Budget (OMB), Circular A-133 reporting requirements. KDE's management is responsible for collecting the audit reports and performing any necessary follow-up work identified in the procedures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedure was to conduct desk reviews of all Kentucky school districts and other entity audit reports for the fiscal year ended June 30, 2015, defined by KDE to be the appropriate population for the desk review. This was accomplished by using the *Guide for Review of Financial Audit Engagements*, approved by KDE; refer to Appendix A of this report for a copy of the desk review checklist.

The results of our procedure are reported in the Audit Report Tracking Log in Appendix B of this report, which lists the audit reports reviewed and findings noted. Any deficiencies that were identified during the review are sent to KDE management for corrective action.

We were not engaged to and did not conduct an audit, the objectives of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of KDE and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts

July 15, 2016



APPENDICES

**Auditor of Public Accounts
 KY Department of Education – Agreed-Upon Procedures
 Guide For Review of Financial Audit Engagements
 06/30/2015**

Auditee: _____

CPA Firm Name: _____

Audit Report Date: _____

Auditor who completed this form: _____

Finding Number	Current Year Desk Review Findings	Question Number

Finding Number	Prior Year Desk Review Findings	Resolution

Guide for Review of Financial Audit Engagements

Item #	Standards/Requirements	Checklist Reference Number	Acceptable	Acceptable with Deficiencies	Technically Deficient
I.	Prior Year Findings and Other Items	I. A – E			
II.	Qualifications and Independence	II. A			
III.	Reporting				
	A. Independent Auditor's Report	III. A 1 – 12			
	B. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	III. B 1 – 14			
	C. Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	III. C 1 – 15			
	D. Schedule of Expenditures of Federal Awards	III. D 1 – 7			
	E. Schedule of Findings and Questioned Costs	III. E 1 – 4			
	F. Corrective Action Plan	III. F 1 – 4			
	G. Summary Schedule of Prior Audit Findings	III. G 1			
	H. Management Letter	III. H 1 – 2			
	Conclusion: Overall Assessment of Report (Check one)				

Acceptable: This means the audit report contains no quality issues or only minor quality issues that do not require corrective action for the audit under review.

Acceptable with Deficiencies: This means the audit report contains quality deficiencies that should be brought to the attention of the auditor (and auditee, where appropriate) for correction in future audits.

Technically Deficient: This means the audit report contains quality deficiencies that may affect the reliability of the audit report, and which must be corrected in the audit report under review.

***Guide for Review of
Financial Audit Engagements***

The questions have been derived principally from the pronouncements listed below.

References to Standards

The guide includes abbreviated references to certain professional literature as follows:

AU-C	<i>Professional Standards – Statements on Auditing Standards (Clarified)</i> , AICPA
ASLG	<i>State and Local Governments Audit Guide</i> , with conforming changes as of March 1, 2014, AICPA.
GAS	<i>Government Auditing Standards</i> , 2011 Revision, Government Accountability Office (GAO)
GASCA	<i>Government Auditing Standards and Circular A-133 Audits – Clarified Accounting and Audit Guide</i> , with conforming changes as of February 1, 2014, AICPA
OMB Circular A-133	<i>Audits of States, Local Governments, and Non-Profit Organizations</i> , Office of Management and Budget, as revised on June 26, 2007
GASB	<i>Codification of Governmental Accounting and Financial Reporting Standards</i> , Government Accounting Standards Board

I. PRIOR YEAR FINDINGS AND OTHER ITEMS

Review Item	Yes	No	N/A	Pg. Number
A. Review last year's audit report and desk review findings if the prior year desk review was performed by the APA and follow up on desk review findings that might impact this year's review.				
a. Are all prior year desk review findings corrected in the current year audit report?	_____	_____	_____	_____
B. a. Are the financial statements titled appropriately and consistently throughout the report?				
NOTE: The Statement of Net Assets is now called the Statement of Net Position due to GASB 63. Make sure the financial statement is appropriately titled throughout the report.	_____	_____	_____	_____
b. Do the relevant financial statements (Statement of Activities; Statement of Revenues, Expenditures, and Changes in Fund Balance; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; Statement of Changes in Fiduciary Net Position) reference "for the year ended?" [NOTE: Is this a 12-month audit? If not, investigate differences. This could indicate a change in year-end and you may need an additional financial statement for prior months. All school Finance Audits are one year audits.] [OMB Circular A-133 __.310 (a)]	_____	_____	_____	_____
C. Compare current year financial statements to last year's financial statements. Does the ending balance on the Statement of Net Position on last year's basic financial statement agree with the beginning balance of the current year's basic financial statement? [NOTE: If not, check whether there is a note for restated balance(s). The auditor may need to check online or the prior year file to review last year's financial statement. If the auditor is unable to locate the last year's financial statement from the website or the prior year file, check N/A.]	_____	_____	_____	_____
D. Review notes to financial statements:				
a. Are there grants receivable or unearned grant revenue? [NOTE: There are always grant receivables and unearned income in district audits because districts have to zero out the special revenue fund because of the way the software works.]	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
E. Are the financial statements and notes to the financial statements formatted correctly, mathematically correct and in agreement?	_____	_____	_____	_____

II. QUALIFICATIONS AND INDEPENDENCE

- A. Is the report free of indications that the author is not independent or is not qualified to perform the audit? *[NOTE: If a question arises concerning the licensing of a public accountant, State-licensing authorities should be able to provide the necessary information.]* (AU-C 220.13 and 220.04; GAS 3.02-3.26 and 3.73-3.76)

III. REPORTING

The reporting section of this guide is organized in accordance with the recommended reporting format contained in the AICPA Audit Guide, *Government Auditing Standards and OMB Circular A-133 Audits*. Other reporting formats containing the required elements are acceptable. Reports may be combined or separated.

AICPA Standards Relating to Audit Conclusions and Reporting

- Communicating Internal Control Related Matters Identified in an Audit (AU-C 265)
- Forming an Opinion and Reporting on Financial Statements (AU-C 700)
- Modifications to the Opinion in the Independent Auditor's Report (AU-C 705)
- Emphasis-of-Matter Paragraphs and Other-Matter Paragraphs in the Independent Auditor's Report (AU-C 706)
- Consistency of Financial Statements (AU-C 708)
- Other Information in Documents Containing Audited Financial Statements (AU-C 720)
- Supplementary Information in Relation to the Financial Statements as a Whole (AU-C 725)
- Required Supplementary Information (AU-C 730)
- Compliance Audits (AU-C 935)

Additional GAGAS Requirements for Reporting on Financial Audits

GAGAS establishes requirements for reporting on financial audits in addition to the reporting requirements contained in the AICPA standards. Auditors should comply with these additional requirements when citing GAGAS in their reports. The additional requirements relate to:

- Reporting auditors' compliance with GAGAS (GAS 4.18)
- Reporting on internal control and compliance with provisions of laws, regulations, contracts, and grant agreements (GAS 4.19-.22)
- Communicating deficiencies in internal control, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse (GAS 4.23-.32)
- Reporting views of responsible officials (GAS 4.33-.39)
- Reporting confidential or sensitive information (GAS 4.40-.44)
- Distributing reports (GAS 4.45)

	Review Item	Yes	No	N/A	Pg. Number
A.	Independent Auditor’s Report (Opinion on Basic Financial Statements Accompanied by Required Supplementary Information and Supplementary Information) Does the auditor’s written report contain the following: (AU-C 700.22, .A16-.A17)				
1.	A title that includes the word <i>Independent</i> ? (AU-C 700.23, .A18)	_____	_____	_____	_____
2.	An appropriate addressee? (AU-C 700.24, .A19)	_____	_____	_____	_____
3.	An introductory paragraph that: (AU-C 700.25, A20-.A23)				
	a. Identifies the entity whose financial statements have been audited?	_____	_____	_____	_____
	b. States that the financial statements have been audited?	_____	_____	_____	_____
	c. Identifies the title of each statement that the financial statements comprise?	_____	_____	_____	_____
	d. Specifies the date or period covered by each financial statement that the financial statements comprise?	_____	_____	_____	_____
4.	A section:				
	a. With the heading “Management’s Responsibility for the Financial Statements” (AU-C 700.26)	_____	_____	_____	_____
	b. A statement that describes management’s responsibility for the preparation and fair presentation of the financial statements? (AU-C 700.27-.28, .A24-.A25)	_____	_____	_____	_____
	c. A statement that this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error? (AU-C 700.27-.28, .A24-.A25)	_____	_____	_____	_____
5.	A section: (AU-C 700.29)				
	a. With the heading “Auditor’s Responsibility” (AU-C 700.29)	_____	_____	_____	_____
	b. That states the responsibility of the auditor is to express an opinion on the financial statements based on the audit? (AU-C 700.30, .A26)	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
c. That states the audit was conducted in accordance with generally accepted auditing standards of the United States of America and explains that those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement? (AU-C 700.31, .A27-.A28)	_____	_____	_____	_____
d. In those cases where the auditor conducted the audit in accordance with another set of auditing standards in addition to GAAS (for example, <i>Government Auditing Standards</i>) did the auditor's report identify the other set of auditing standards as well as their origin? (AU-C 700.42-.43, .A42)	_____	_____	_____	_____
e. Describes an audit by stating that (a) an audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; (b) the procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, and accordingly, no such opinion is expressed; and (c) an audit includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements? (AU-C 700.32)	_____	_____	_____	_____
f. States that the auditor believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the auditor's opinion? (AU-C 700.33)	_____	_____	_____	_____
6. Expresses an opinion on the financial statements that	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
a. When issuing an Unmodified Opinion, contains a paragraph with the heading "Opinion" stating the financial statements present fairly, in all material respects, the financial position of the entity as of the balance sheet date and the results of its operations and its cash flows for the period then ended, in accordance with the applicable financial reporting framework (the framework should be identified) and its origin? (AU-C 700.34-.36, .A9, .A29-.A31)	_____	_____	_____	_____
b. When issuing a Modified Opinion on the financial statements includes, in addition to the specific elements required by section AU-C 700, a paragraph in the auditor's report that provides a description of the matter giving rise to the modification? The auditor should place this paragraph immediately before the opinion paragraph in the auditor's report. (AU-C 705.17-.8)	_____	_____	_____	_____
c. When the auditor modifies the audit opinion, uses a heading that includes "Qualified Opinion," "Adverse Opinion," or "Disclaimer of Opinion," as appropriate, for the opinion paragraph? (AU-C 705.17)	_____	_____	_____	_____
7. Emphasis-of-Matter Paragraphs in the Independent Auditor's Report (when applicable) If the auditor included an emphasis-of-matter paragraph in the auditor's report, did the auditor: (AU-C 706.07)				
a. Include it immediately after the opinion paragraph in the auditor's report?	_____	_____	_____	_____
b. Use the heading "Emphasis of Matter" or other appropriate heading? (AU-C 706.A4)	_____	_____	_____	_____
c. Include in the paragraph a clear reference to the matter being emphasized and to where relevant disclosures that fully describe the matter can be found in the financial statements?	_____	_____	_____	_____
d. Indicate that the auditor's opinion is not modified with respect to the matter emphasized? (AU-C 706.A5)	_____	_____	_____	_____
8. Other-Matter Paragraphs in the Independent Auditor's Report (when applicable) Did the auditor include an "Other-Matter(s)" paragraph in the auditor's report on the financial statements to refer to the required supplementary information, that included language to explain the following circumstances, as applicable: (AU-C 730.07)				

Review Item	Yes	No	N/A	Pg. Number
a. Headed <i>Required Supplementary Information</i> or other suitable heading? (AU-C 706.07-.08)	_____	_____	_____	_____
b. The required supplementary information is included and the auditor has applied the appropriate audit procedures?	_____	_____	_____	_____
c. The required supplementary information is omitted, if applicable?	_____	_____	_____	_____
d. Some required supplementary information is missing and some is presented in accordance with the prescribed guidelines, if applicable?	_____	_____	_____	_____
e. The auditor has identified material departures from the prescribed guidelines, if applicable?	_____	_____	_____	_____
f. The auditor is unable to complete the required audit procedures, if applicable?	_____	_____	_____	_____
g. The auditor does not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance?	_____	_____	_____	_____
9. If the entity presented supplementary information (other than RSI, such as budgetary comparison or combining statements) with the financial statements, did the auditor's report on the supplementary information in either (a) an other-matter paragraph or (b) in a separate report on the supplementary information that contains the following elements: (AU-C 725.09)	_____	_____	_____	_____
a. An "Other Matter" paragraph subtitled Other Information (or other appropriate heading)?	_____	_____	_____	_____
b. A statement that the audit was conducted for the purpose of forming an opinion on the financial statements as a whole? (Note: the GASCA illustration uses "statements that collectively comprise the basic financial statements")	_____	_____	_____	_____
c. A statement that the supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements?	_____	_____	_____	_____
d. A statement that the supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements?	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
e. A statement that the supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America?	_____	_____	_____	_____
f. An opinion on the supplementary information in relation to the basic financial statements as a whole?	_____	_____	_____	_____
10. Additional Other Matters Paragraphs (when applicable) If the auditor considers it necessary to communicate a matter other than those that are presented or disclosed in the financial statements that, in the auditor's professional judgment, is relevant to users' understanding of the audit, the auditor's responsibilities, or the auditor's report, the auditor should do so in a paragraph in the auditor's report with the heading "Other Matter." The auditor should include this paragraph immediately after the opinion paragraph and any emphasis of matter paragraph. (AU-C 706.08)	_____	_____	_____	_____
11. Other Reporting Required by Government Auditing Standards (AU-C 700.A32-A34; GASCA 4.10) For audits issued in accordance with <i>Government Auditing Standards</i> : a. The report should include a section with a heading "Other Reporting Required by Government Auditing Standards." (GASCA 4.48)	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
b. a statement that “in accordance with <i>Government Auditing Standards</i> , we have also issued our report dated ____ on our consideration of “entity’s” internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with <i>Government Auditing Standards</i> in considering “entity’s” internal control over financial reporting and compliance.”	_____	_____	_____	_____
12. The auditor’s report should include the following:				
a. The manual or printed signature of the auditor’s firm. (AU-C 700.39)	_____	_____	_____	_____
b. The city and state where the auditor practices. (AU-C 700.40)	_____	_____	_____	_____
c. The date of the auditor’s report. (AU-C 700.41)	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
<p>B. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</p>				
<p>The report(s) on internal control over financial reporting and compliance over financial reporting should contain the following required elements:</p>				
<p>Does the auditor's written report contain the following:</p>				
<p>1. A title that includes the word <i>Independent</i>? (GASCA 4.54a)</p>	_____	_____	_____	_____
<p>2. A title with an appropriate addressee? (GASCA 4.54b)</p>	_____	_____	_____	_____
<p>3. A statement that the auditor has audited the financial statements of the auditee and a reference to the auditor's report on the financial statements, including a description of any departure from the standard report, if applicable. (GASCA 4.54c)</p>	_____	_____	_____	_____
<p>4. An introductory paragraph that includes the following:</p>				
<p>a. A statement that the audit was conducted in accordance with GAAS and an identification of the United States of America as the country of origin of those standards and with the standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States? (GAS 4.18; GASCA 4.54d)</p>	_____	_____	_____	_____
<p>b. Identifies the title of each statement that the financial statements comprise? (GASCA 4.54c) NOTE: The Statement of Net Assets is now called the Statement of Net Position due to GASB 63. Make sure the financial statement is appropriately titled throughout the report.</p>	_____	_____	_____	_____
<p>c. Specifies the date or period covered by each financial statement that the financial statements comprise? (GASCA 4.54c)</p>	_____	_____	_____	_____
<p>5. A section that includes the following (GAS 4.19-.22):</p>				
<p>a. The heading "Internal Control Over Financial Reporting?" (GASCA 4.54e)</p>	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
b. A statement that in planning and performing the audit of the financial statements, the auditor considered the entity's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, the auditor does not express an opinion on the effectiveness of the entity's internal control? (GASCA 4.54f)	_____	_____	_____	_____
c. The definitions of deficiency in internal control, material weakness, and significant deficiency? (AU-C 265 and GASCA 4.54g)	_____	_____	_____	_____
6. If no significant deficiencies or material weaknesses have been identified: (GAS 4.25-.27; GASCA 4.54h)				
a. A statement that the auditor's consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies?	_____	_____	_____	_____
b. A statement that, given the limitations, during the audit the auditor did not identify any deficiencies in internal control that are considered to be material weaknesses?	_____	_____	_____	_____
c. A statement that material weaknesses may exist that have not been identified?	_____	_____	_____	_____
7. If significant deficiencies have been identified (but none are considered to be material weaknesses): (GAS 4.25-.27; GASCA 4.54i)				
a. A statement that the auditor's consideration of internal control was for the limited purpose described in the first paragraph of this section 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?	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
b. A statement that given these limitations, during the audit the auditor did not identify any deficiencies in internal control that were considered to be material weaknesses? (<i>The auditor should not issue a written communication stating that no significant deficiencies were identified during the audit.</i>)	_____	_____	_____	_____
c. A statement that certain deficiencies in internal control over financial reporting were identified that the auditor considers to be significant deficiencies?	_____	_____	_____	_____
d. A description of the significant deficiencies identified, including the title of the schedule in which the findings were reported?	_____	_____	_____	_____
8. If material weaknesses and significant deficiencies have been identified: (GAS 4.25-.27; GASCA 4.54j)				
a. A statement that the auditor's consideration of internal control was for the limited purpose described in the first paragraph of this section 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?	_____	_____	_____	_____
b. A statement that certain deficiencies in internal control over financial reporting were identified that the auditor considers to be material weaknesses and significant deficiencies?	_____	_____	_____	_____
c. A description of the material weaknesses, including the title of the schedule in which the findings are reported?	_____	_____	_____	_____
d. A description of the significant deficiencies identified, including the title of the schedule in which the findings are reported?	_____	_____	_____	_____
9. A section on compliance (GAS 4.19):				
a. With the heading "Compliance and Other Matters?" (GASCA 4.54k)	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
b. A statement that “as part of obtaining reasonable assurance about whether the auditee’s financial statements are free from material misstatement, the auditor performed tests of the auditee’s compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit, and accordingly, the auditor does not express such an opinion?” (GASCA 4.54l)	_____	_____	_____	_____
c. If no instances of noncompliance or other matters have been identified that are required to be reported, a statement that the results of tests disclosed no instances of noncompliance or other matters that are required to be reported under <i>Government Auditing Standards</i> ? (GASCA 4.54m)	_____	_____	_____	_____
d. If instances of noncompliance or other matters have been identified that are required to be reported, a statement that the results of the tests disclosed instances of noncompliance or other matters that are required to be reported under <i>Government Auditing Standards</i> and, which are, described in the accompanying schedule of findings and questioned costs? (GASCA 4.54n)	_____	_____	_____	_____
e. If applicable, a statement that additional matters were communicated to the auditee in a management letter? (GAS 4.03, 4.26; GASCA 4.54o, 4.72-.73)	_____	_____	_____	_____
10. If material weaknesses, significant deficiencies, or reportable instances of noncompliance, or other matters are identified (GAS 4.23):				
a. A section with the heading “[Name of Entity] Response to Findings?” (GASCA 4.54p)	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
<p>b. When the views of responsible officials are included (the auditee’s written response), the report should include a statement that the audited entity’s response to the findings identified in the audit are described in the accompanying schedule of findings and questioned costs [<i>include the title of the schedule in which the findings are reported or “previously” if findings and responses are included in the body of the report</i>]. A statement that the response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, the auditor does not express an opinion on it. (GAS 4.33-.39; GASCA 4.54q, r)</p>	_____	_____	_____	_____
<p>11. A section with the heading “Purpose of this Report.” (GASCA 4.54s)</p>				
<p>a. A statement that the purpose of the report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with <i>Government Auditing Standards</i> in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. (AU-C 905.11; GASCA 4.54t) (<i>Note that a restricted use paragraph should not accompany or replace this paragraph.</i>)</p>	_____	_____	_____	_____
<p>12. The manual or printed signature of the auditor’s firm? (GASCA 4.54u)</p>	_____	_____	_____	_____
<p>13. The auditor’s city and state?(GASCA 4.54v)</p>	_____	_____	_____	_____
<p>14. The date of the auditor’s report? [<i>NOTE: This date should be the same as the Independent Auditor’s Report on the financial statements.</i>] (GASCA 4.54w)</p>	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
REPORTING				
C. Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with Circular A-133				
NOTE: This guidance is based on a combined report on compliance and internal control over compliance.				
Is a report on compliance with requirements applicable to each major program and on internal control over compliance presented that includes the following basic elements: (AU-C 935.30-.32; OMB Circular A-133 .505(b-c); GASCA 13.26				
1. A title that includes the word <i>Independent</i> ? (AU-C 935.30a)	_____	_____	_____	_____
2. An addressee appropriate for the circumstances of the engagement. (AU-C 935.30b)	_____	_____	_____	_____
3. A section titled "Report on Compliance for Each Major Federal Program." (GASCA 13.26c)	_____	_____	_____	_____
4. An introductory paragraph that includes: (AU-C 935.30c)				
a. A statement that the auditor has audited the auditee's compliance with the types of compliance requirements described in the compliance supplement that could have a direct and material effect on each of its major federal programs?	_____	_____	_____	_____
b. Identification of the period covered by the report?	_____	_____	_____	_____
c. A statement that the auditee's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs?	_____	_____	_____	_____
5. A subheading "Management's Responsibility" that includes a statement that compliance with the applicable compliance requirements is the responsibility of the entity's management? (AU-C 935.30d; GASCA 13.26e)	_____	_____	_____	_____
6. A section on the auditor's responsibility that includes the following: (AU-C 935.30e)				
a. The subheading "Auditor's Responsibility."	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
b. A statement that the auditor’s responsibility is to express an opinion on the entity’s compliance with the applicable compliance requirements based on the compliance audit.	_____	_____	_____	_____
c. A statement that the compliance audit was conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in <i>Government Auditing Standards</i> and OMB Circular A-133?	_____	_____	_____	_____
d. A statement that those standards and Circular A-133 require that the auditor plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements that could have a direct and material effect on a major federal program occurred? (GASCA 13.26f)	_____	_____	_____	_____
e. A statement that the compliance audit included examining, on a test basis, evidence about the entity’s compliance with those requirements and performing such other procedures as the auditor considers necessary in the circumstances?	_____	_____	_____	_____
f. A statement that the auditor believes the compliance audit provides a reasonable basis for the auditor’s opinion?	_____	_____	_____	_____
g. A statement that the compliance audit does not provide a legal determination of the entity’s compliance?	_____	_____	_____	_____
7. If noncompliance results in a modified opinion, a section with an appropriate heading, indicating the basis for the modified opinion that includes a description of such noncompliance, or a reference to a description in an accompanying schedule and a statement that compliance with such requirements is necessary, in the auditor’s opinion, for the auditee to comply with the requirements applicable to the programs? (AU-C 935.30f, 935.34)	_____	_____	_____	_____
8. Should include an opinion paragraph:	_____	_____	_____	_____
a. With the subheading “Opinion on Each Major Federal Program” or other suitable heading.	_____	_____	_____	_____
b. Which states whether the entity complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended? (AU-C 935.30g)	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
9. If other reportable noncompliance is identified, an other-matter paragraph with a suitable heading containing a reference to a description in the accompanying schedule of findings and questioned costs, including: the reference numbers of the findings, an identification of the types of compliance requirements and affected major programs? (AU-C 935.30h, 706.08)				
10. Should include a section with the heading "Report on Internal Control Over Compliance" containing:				
a. A statement that management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs? (AU-C 935.31a)				
b. A statement that in planning and performing the audit, the auditor considered the auditee's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance? (AU-C 935.31b)				
c. A statement that the auditor is not expressing an opinion on the effectiveness of internal control over compliance? (AU-C 935.31c)				
d. A statement that the auditor's consideration of internal control over compliance was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses in internal control over compliance? (AU-C 935.31d)				
e. The definitions of <i>deficiency in internal control over compliance</i> and <i>material weakness in internal control over compliance</i> ? (AU-C 935.31e)				
f. If any material weaknesses were identified, their description or a reference to the schedule of findings and questioned costs? (AU-C 935.31f)				

Review Item	Yes	No	N/A	Pg. Number
g. If significant deficiencies in internal control over compliance were identified, the definition of <i>significant deficiency in internal control over compliance</i> and their description or a reference to the schedule of findings and questioned costs? (AU-C 935.31g)	_____	_____	_____	_____
h. If no material weaknesses in internal control over compliance were identified, a statement to that effect? (AU-C 935.31h)	_____	_____	_____	_____
11. When the views of responsible officials are included (the auditee’s written response), the report should include a statement that the audited entity’s response to the findings identified in the audit are described in the accompanying schedule of findings and questioned costs [<i>include the title of the schedule in which the findings are reported or “previously” if findings and responses are included in the body of the report</i>]. A statement that the response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, the auditor does not express an opinion on it. (AU-C 265.A33; GASCA 13.26k.x)	_____	_____	_____	_____
12. A separate paragraph stating that the purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose? (AU-C 935.30i, 905.11) (<i>Note that a restricted use paragraph should not accompany or replace this paragraph.</i>)	_____	_____	_____	_____
13. The manual or printed signature of the auditor’s firm? (AU-C 935.30j)	_____	_____	_____	_____
14. The city and state where the auditor practices? (AU-C 935.30k)	_____	_____	_____	_____
15. The date of the auditor’s report? (AU-C 935.30l)	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
<p>D. Schedule of Expenditures of Federal Awards Does the report include a schedule of expenditures of federal awards for the period covered by the auditee's financial statements identifying, at a minimum: (OMB Circular A-133 .310(b)(1-6); GASCA 7.20)</p>				
<p>1. Individual federal programs by federal agency? Note: for federal programs included in a cluster of programs, list individual federal programs within a cluster of programs. For research and development (R&D), total federal awards expended should be shown either by individual award or by federal agency and major subdivision within the federal agency.</p>	_____	_____	_____	_____
<p>2. a. For federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity? b. For all federal awards received, identify, to the extent practical, the total amount provided to subrecipients from each federal program. (GASCA 7.10)</p>	_____	_____	_____	_____
<p>3. Total federal awards expended for each individual federal program and the Catalog of Federal Domestic Assistance number (CFDA) or other identifying number when the CFDA information is not available?</p>	_____	_____	_____	_____
<p>4. Notes that describe the significant accounting policies used in preparing the schedule?</p>	_____	_____	_____	_____
<p>5. In either the schedule or in a note to the schedule, the value of the federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year-end?</p>	_____	_____	_____	_____
<p>6. The auditor's report on the schedule of expenditures of federal awards may be given in the additional supplementary information paragraph of the auditor's report on the financial statements or a separate report may be issued. Does the reference in the Independent Auditor's Report identify the additional information accompanying the financial statements? (AU-C 725.09-.10); GASCA 13.11-.14)</p>	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
7. Does the reference in the Independent Auditor’s Report to the schedule of expenditures of federal awards include either an opinion (or disclaimer of opinion) as to whether the accompanying information is fairly stated, in all material respects, in relation to the financial statements as a whole? (AU-C 725.09; OMB A-133 .505(a); GASCA 7.01, .05-.18, 13.11)	_____	_____	_____	_____
E. Schedule of Findings and Questioned Costs Is a schedule of findings and questioned costs presented that includes the following three components: (OMB Circular A-133 .505(d), .510(a); GASCA 13.33-39)				
1. A summary of the auditor’s results which should include: (GASCA 13.39a)				
a. The type of report the auditor issued on the financial statements of the auditee? (Either “Unmodified,” “Qualified,” “Adverse,” or “Disclaimer.”)	_____	_____	_____	_____
b. Where applicable, a statement that significant deficiencies or material weaknesses in internal control were disclosed by the audit of the financial statements? (<i>Note that AU-C 265.16 prohibits reporting no significant deficiencies were identified. “None reported” or similar language should be used.</i>)	_____	_____	_____	_____
c. A statement on whether the audit disclosed any noncompliance that is material to the financial statements of the auditee?	_____	_____	_____	_____
d. Where applicable, a statement that significant deficiencies or material weaknesses in the internal control over major programs were disclosed by the audit? (<i>Note that AU-C 265.16 prohibits reporting no significant deficiencies were identified. “None reported” or similar language should be used.</i>)	_____	_____	_____	_____
e. The type of report the auditor issued on compliance for major programs?	_____	_____	_____	_____
f. A statement on whether the audit disclosed any audit findings that the auditor is required to report?	_____	_____	_____	_____
g. An identification of major programs?	_____	_____	_____	_____
h. The dollar threshold used to distinguish between Type A and Type B programs?	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
i. A statement on whether the auditee qualified as a low-risk auditee?	_____	_____	_____	_____
2. Findings related to the financial statements that are required to be reported in accordance with <i>Government Auditing Standards</i> ? (GASCA 13.39b)				
a. Significant deficiencies and material weaknesses in internal control over financial reporting?	_____	_____	_____	_____
b. All instances of fraud and illegal acts unless inconsequential, except for fraud and illegal acts involving federal awards that are subject to Circular A-133 reporting and that are not material to financial statement amounts?	_____	_____	_____	_____
c. Material violations of provisions of contracts and grant agreements?	_____	_____	_____	_____
d. Material abuse?	_____	_____	_____	_____
e. Other noncompliance required to be reported by <i>Government Auditing Standards</i> ?	_____	_____	_____	_____
3. Findings and questioned costs for federal awards, which should include the following audit findings: (GASCA 13.39c)				
a. Significant deficiencies and material weaknesses in the internal control over major programs?	_____	_____	_____	_____
b. Material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program?	_____	_____	_____	_____
c. Other noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program significant enough to be brought to the attention of those charged with governance?	_____	_____	_____	_____
d. Known questioned costs that are greater than \$10,000 for a type of compliance requirement for a major program?	_____	_____	_____	_____
e. Known questioned costs that are greater than \$10,000 for a federal program that is not audited as major?	_____	_____	_____	_____
f. The circumstances concerning why the auditor's report on compliance for major programs is other than an unqualified opinion?	_____	_____	_____	_____
g. Known fraud affecting a federal award?	_____	_____	_____	_____
h. Abuse that is either quantitatively or qualitatively material?	_____	_____	_____	_____
4. As applicable, is the following specific information included in audit findings: (OMB A-133 .510(b); GASCA 13.39c)				

Review Item	Yes	No	N/A	Pg. Number
a. Each audit finding in the schedule of findings and questioned costs should include a reference number. For example, findings identified and reported in the audit of fiscal year 20X1 would be assigned referenced numbers 20X1-1, 20X1-2, and so forth. (OMB Circular A-133_.510 (c) and GASCA 13.44)	_____	_____	_____	_____
b. Federal program and specific federal award identification including the CFDA title and number, federal award number and year, name of federal agency, and the name of the applicable pass-through entity? If such information is not available, was the best information available to describe the federal award included?	_____	_____	_____	_____
c. The criteria or specific requirement upon which the audit finding is based, including statutory, regulatory, or other citation?	_____	_____	_____	_____
d. The condition found, including facts that support the deficiency identified in the audit finding?	_____	_____	_____	_____
e. Identification of questioned costs and how they were computed?	_____	_____	_____	_____
f. The possible asserted effect to provide sufficient information to the auditee and federal agency, or pass-through entity in the case of a subrecipient, to permit them to determine the cause and effect, to facilitate prompt and proper corrective action?	_____	_____	_____	_____
g. Recommendations to prevent future occurrences of the deficiency identified in the audit finding?	_____	_____	_____	_____
h. The cause of the finding?	_____	_____	_____	_____
i. Management's views and planned corrective actions for findings related to federal awards?	_____	_____	_____	_____

Review Item	Yes	No	N/A	Pg. Number
F. Corrective Action Plan				
1. For A-133 audits, the auditee is required to prepare a corrective action plan on all audit findings. As part of this responsibility, the auditee should prepare a summary schedule of prior audit findings. The auditee should also prepare a corrective action plan for current year audit findings.				
The summary schedule of prior audit findings and the corrective action plan should include the reference numbers the auditor assigns to the audit findings in the schedule of findings and questioned costs. The corrective action plan should include the following for each finding: <i>[NOTE: This section is not applicable to management letter findings or financial statement findings. It applies only to significant deficiencies and material weaknesses relating to Federal Awards.]</i> (OMB Circular A-133_.315(c); GASCA 13.49-13.51)				
2. The corrective action plan should provide the name(s) of the contact person(s) responsible for corrective action. <i>[NOTE: The auditee contact person(s) responsible for the corrective action is assumed to be the Superintendent if not identified.]</i> (OMB Circular A-133_.315)				
3. The corrective action planned or reasons that corrective action is not required. (OMB Circular A-133_.315)				
4. Anticipated corrective action completion date(s). (This is required by OMB Circular A-133_.315 but not required by GAS)				
G. Summary Schedule of Prior Audit Findings				
1. A summary schedule of prior audit findings is included with the report? <i>[NOTE: The auditee is required by KDE to prepare a summary schedule of prior audit findings even if there are no matters reportable therein.]</i> (GASCA 10.63)				
2. If the summary schedule states no findings were issued in the prior year, verify that statement (Verify with prior year's audit report).				

Review Item	Yes	No	N/A	Pg. Number
H. Management Letter				
1. The management letter reports on the status of previous management letter comments and the progress toward the resolution of concerns identified during the preceding audit. <i>[NOTE: For this step, the auditor may look at the prior year management letter to see if there were previous comments. This question is not applicable to universities and other subrecipient audit reports.]</i> (GASCA 4.72 and 4.73; Independent Auditor's Contract)	_____	_____	_____	_____
2. A written management letter is included as part of the audit submitted to KDE. <i>[NOTE: This question is not applicable to universities and other subrecipients. KDE accepts the auditor's email or a letter stating that there were no control deficiency findings or no management letter comments to report.]</i> (GASCA 4.72 and 4.73; Independent Auditor's Contract) <i>[Note 2: If the GAS Letter mentions a Management Letter there should be one included in the report or separately. Otherwise, if there are no findings to report an email from the district indicating no Management Letter will be acceptable.]</i>	_____	_____	_____	_____
3. If the management letter states no findings or comments were in the prior year's management letter, verify that statement. (Verify with prior year's audit report).	_____	_____	_____	_____

Audit Report Tracking Log

The results of the desk reviews are listed below by school district and organized by the standards and requirements of the desk review guide. Specific information was provided to KDE for informational purposes.

A checkmark (✓) in the any of the first ten columns indicates a problem was noted on the desk review guide in the area checked. The last column in the table indicates if any of the standard/requirement areas was classified as acceptable, acceptable with deficiencies, or technically deficient, in any one of the ten standard/requirements areas.

Acceptable (A): This means the audit report contains no quality issues or only minor quality issues that do not require corrective action for the audit under review.

Acceptable with Deficiencies (AD): This means the audit report contains quality deficiencies that should be brought to the attention of the auditor (and auditee, where appropriate) for correction in future audits.

Technically Deficient (TD): This means the audit report contains quality deficiencies that may affect the reliability of the audit report, and which must be corrected in the audit report under review.

School District or Other Entity	I. Prior Year Findings & Other Matters	II. Qualification & Independence	III.A. Reporting – Independent Auditor's Report	IIIB. Reporting – GAS	IIIC. Reporting - A-133	IIID. Reporting - Schedule of Expenditures of Federal Awards	IIIE. Reporting - Schedule of Findings & Questioned Costs	IIIF. Reporting - Corrective Action Plan	IIIG. Summary Schedule of Prior Audit Findings	IIIH. Management Letter	Conclusion
Adair County School District											A
Allen County School District	✓										AD
Anderson County School District			✓	✓							TD
Ballard County School District							✓				AD
Barren County School District	✓		✓		✓		✓	✓			TD
Bath County School District											A
Bell County School District	✓										AD
Boone County School District	✓		✓						✓		AD
Bourbon County School District	✓		✓								TD
Boyd County School District											A
Boyle County School District	✓			✓	✓						AD

Audit Report Tracking Log

School District or Other Entity	I. Prior Year Findings & Other Matters	II. Qualification & Independence	IIIA. Reporting – Independent Auditor’s Report	IIIB. Reporting - GAS	IIIC. Reporting – A-133	IIID. Reporting – Schedule of Expenditures of Federal Awards	IIIE. Reporting – Schedule of Findings & Questioned Costs	IIIF. Reporting - Corrective Action Plan	IIIG. Summary Schedule of Prior Audit Findings	IIIH. Management Letter	Conclusion
Perry County School District	✓		✓							✓	TD
Pike County School District	✓			✓	✓						AD
Powell County School District	✓		✓							✓	TD
Pulaski County School District	✓		✓	✓							TD
Robertson County School District	✓			✓							AD
Rockcastle County School District	✓										AD
Rowan County School District											A
Russell County School District											A
Scott County School District	✓		✓						✓		AD
Shelby County School District	✓			✓	✓						AD
Simpson County School District	✓										AD
Spencer County School District	✓		✓	✓		✓					TD
Taylor County School District	✓		✓								TD
Todd County School District	✓			✓							AD
Trigg County School District				✓							AD
Trimble County School District	✓		✓						✓		AD
Union County School District	✓		✓				✓				TD
Warren County School District	✓			✓		✓	✓				AD
Washington County School District	✓										AD
Wayne County School District	✓		✓			✓	✓				TD
Webster County School District				✓							AD
Whitley County School District	✓		✓	✓						✓	TD
Wolfe County School District	✓		✓								TD
Woodford County School District			✓								TD
Anchorage Independent School District	✓			✓							AD
Ashland Independent School District											A
Augusta Independent School District											A
Barbourville Independent School District	✓		✓		✓		✓				TD

Audit Report Tracking Log

School District or Other Entity	I. Prior Year Findings & Other Matters	II. Qualification & Independence	III.A. Reporting – Independent Auditor’s Report	III.B. Reporting - GAS	III.C. Reporting – A-133	III.D. Reporting – Schedule of Expenditures of Federal Awards	III.E. Reporting – Schedule of Findings & Questioned Costs	III.F. Reporting - Corrective Action Plan	III.G. Summary Schedule of Prior Audit Findings	III.H. Management Letter	Conclusion
Bardstown Independent School District	✓		✓								TD
Beechwood Independent School District	✓		✓								TD
Bellevue Independent School District	✓		✓								TD
Berea Independent School District	✓		✓								TD
Bowling Green Independent School District	✓			✓							AD
Burgin Independent School District											A
Campbellsville Independent School District	✓		✓								TD
Caverna Independent School District	✓										AD
Cloverport Independent School District	✓										AD
Corbin Independent School District	✓		✓	✓							TD
Covington Independent School District	✓		✓						✓		AD
Danville Independent School District	✓										AD
Dawson Springs Independent School District				✓							AD
Dayton Independent School District	✓		✓			✓					AD
East Bernstadt Independent School District			✓		✓		✓			✓	TD
Elizabethtown Independent School District	✓										AD
Eminence Independent School District	✓		✓								TD
Erlanger-Elsmere Independent School District	✓		✓	✓		✓					TD
Fairview Independent School District											A
Fort Thomas Independent School District	✓		✓	✓		✓					TD
Frankfort Independent School District	✓										AD
Fulton Independent School District											A
Glasgow Independent School District	✓		✓				✓				TD
Harlan Independent School District	✓		✓		✓		✓			✓	TD
Hazard Independent School District	✓		✓		✓	✓	✓				TD
Jackson Independent School District	✓		✓								TD
Jenkins Independent School District	✓		✓		✓		✓			✓	TD
Ludlow Independent School District	✓		✓						✓		AD
Mayfield Independent School District	✓		✓	✓	✓		✓				TD

Audit Report Tracking Log

School District or Other Entity	I. Prior Year Findings & Other Matters	II. Qualification & Independence	III.A. Reporting – Independent Auditor's Report	III.B. Reporting – GAS	III.C. Reporting – A-133	III.D. Reporting – Schedule of Expenditures of Federal Awards	III.E. Reporting – Schedule of Findings & Questioned Costs	III.F. Reporting - Corrective Action Plan	III.G. Summary Schedule of Prior Audit Findings	III.H. Management Letter	Conclusion
Middlesboro Independent School District	✓		✓	✓						✓	TD
Murray Independent School District									✓		AD
Newport Independent School District	✓		✓	✓		✓					AD
Owensboro Independent School District	✓		✓	✓			✓				TD
Paducah Independent School District							✓				AD
Paintsville Independent School District	✓										AD
Paris Independent School District	✓		✓								TD
Pikeville Independent School District	✓										AD
Pineville Independent School District	✓		✓				✓				TD
Raceland-Worthington Independent School District											A
Russell Independent School District										✓	A
Russellville Independent School District	✓			✓						✓	AD
Science Hill Independent School District	✓		✓							✓	TD
Silver Grove Independent School District	✓		✓								TD
Somerset Independent School District	✓										AD
Southgate Independent School District	✓		✓								TD
Walton-Verona Independent School District	✓		✓						✓		AD
West Point Independent School District	✓		✓	✓						✓	TD
Williamsburg Independent School District	✓		✓				✓				TD
Williamstown Independent School District	✓			✓	✓						AD
Archdiocese of Louisville	✓		✓			✓			✓		AD
Audubon Area Community Services, Inc.	✓						✓				AD
Central KY Community Action Council, Inc.	✓										AD
Community Coordinated Child Care			✓				✓		✓		AD
Diocese of Covington	✓			✓							AD

Audit Report Tracking Log

School District or Other Entity	I. Prior Year Findings & Other Matters	II. Qualification & Independence	III.A. Reporting – Independent Auditor’s Report	IIIB. Reporting - GAS	IIIC. Reporting – A-133	IIID. Reporting – Schedule of Expenditures of Federal Awards	IIIE. Reporting – Schedule of Findings & Questioned Costs	IIIF. Reporting - Corrective Action Plan	IIIG. Summary Schedule of Prior Audit Findings	IIIH. Management Letter	Conclusion
Eastern Kentucky Child Care Coalition****											
Eastern Kentucky University	✓										AD
KCTCS Jefferson County						✓					AD
Northern Kentucky University	✓					✓					AD
Southside Christian Daycare (Calendar Year)	✓					✓	✓		✓		AD
University of Kentucky											A
University of Louisville											A
Western Kentucky University	✓										AD
Total Standard/Requirement Areas with Issues Noted	140	0	84	53	26	16	42	1	16	19	

***** Eastern Kentucky Child Care Coalition was not reviewed, as we did not receive an audit report for FY 2015.

Summary of Desk Reviews

We reviewed the CPA audit reports for 173 school districts and 12 non-profits and universities for the fiscal year ending June 30, 2015. We did not receive one non-profit audit for the fiscal year ended June 30, 2015. Based on the results of our review, we noted 21 reports categorized as “Acceptable;” 94 “Acceptable with Deficiencies;” and 70 “Technically Deficient.”

We considered both qualitative and quantitative issues in determining the overall classifications for the reports. The finding detail for each school district, non-profit, and university is too voluminous to include in this report; therefore, an overall summary of the nature of the findings is presented below. Specific information concerning the findings for each school district, non-profit, and university was provided to KDE for follow-up.

Summary of Findings

Findings That Require Correction

I - Prior Year Findings and Other Items

- The Statement of Changes in Fiduciary Net Position is required whenever an entity reports fiduciary funds other than agency funds, but it was omitted from the basic financial statements when required. (*GASB 2200.105, 2200.196*)
- Pension deferred inflow-outflow and pension liability, prior year net position adjustment reported in the Statement of Net Position included the Kentucky Retirement Systems amount which should not be included. (*GASB Statement 68*)
- On the Statement of Net Position the amounts for deferred outflows/inflows were either not reported or not separately reported.

IIIA - Reporting - Independent Auditor's Report

- An emphasis of matters paragraph was omitted in the independent auditor's report which should have been considered relating to the new pension restatement and additional reporting requirements per *GASB Statement 68*.
- The independent auditor's report failed to include a reference to pension RSI in the "Required Supplemental Information" paragraph. (*GASB Statement 68*)
- The independent auditor's report failed to include a reference to pension information as part of the required supplemental information as stipulated by *GASB Statement 68*.

Other Findings

I - Prior Year Findings and Other Items

- Prior year desk review findings were not corrected.
- The financial statements contained less significant math errors.
- Financial statements did not consistently replace the obsolete language "Net Assets" with the current language "Net Position." (*GASCA 4.54c*)
- Net position was improperly classified using types appropriate only for governmental fund balance, which are nonspendable, committed, assigned, and/or unassigned. Net position classifications are capital assets, net of related debt; restricted; and unrestricted. (*GASB 1800.156*)
- Governmental fund balance was improperly classified using types appropriate only for net position, which are capital assets, net of related debt and/or unrestricted. Governmental fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned. In addition, the components of fund balance were reported out of order. Fund balance components should be listed from least to most available. (*GASB 1800.165-.177*)
- The schedule of non cash amounts was omitted from the Statement of Cash Flows – Proprietary Fund. (*GASB. 2450.132*)
- In the Statement of Cash Flows – Proprietary Fund, reconciliation of net cash provided by operating activities did not agree with cash flows from net cash provided by operating activities. (*GASB Cod. Sec. 2450.129*)

Other Findings (Continued)

- Operating income in the Statement of Cash Flows- Proprietary Fund did not agree with operating income in the Statement of Revenue, Expenditures and Changes in Net Position Proprietary Fund. (*GASB. 2450.129*)
- The ending cash balance on the cash flow statement did not agree to “cash and cash equivalents” reported in the Statement of Fund Net Position – Proprietary Funds.
- The Statement of Changes in Fiduciary Net Position reported on agency funds. (*GASB 2200.199*)
- Statement of Net Position - Fiduciary Funds did not reference “June 30, 2015.” (*OMB Circular A-133-.310 (a)*)
- There was no reference to the notes as an “integral part of the financial statements” located on any of the basic financial statements. (*GASB 2300.102*)
- Titles of the basic financial statement were incorrect (*GASB 2200.172*)
- Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual reported as required supplemental information; however, it should have been titled as Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget to Actual.
- Excess (deficit) of resources and other financing source in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund should be reported as net change in fund balances.
- Reconciliation of the Balance Sheet- Governmental fund to the Statement of Net Position was not done correctly. In addition, the reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Fund to the Statement of Activities was also not done correctly, a heading for each reconciliation was not titled correctly, and was not reported in the correct format.
- Pension deferred inflow-outflow total in the Statement of Net Position did not agree with the note amounts. (*GASB Statement 68*)

II - Qualification and Independence

- There were no findings in this area for any of the reports reviewed.

IIIA - Reporting - Independent Auditor's Report

- Independent auditor’s report did not reference pension RSI in the other matters paragraph. (*GASB Statement 68*)
- Budgetary information was included in basic financial statements; however, there was no opinion given on budgetary information in independent auditor’s report.

Other Findings (Continued)***IIIB - Reporting – Government Auditing Standards Report***

- The Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS did not include a statement that the auditor did not identify any deficiencies in internal control over financial reporting that the auditor considers to be material weaknesses. (GASCA 4.54.g)
- The Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS did not include a statement that additional matters were communicated to the auditee in a management letter. This was a common issue noted during the desk reviews. (GASCA 4.54.n)
- The Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS omitted a statement that management's response to findings was not audited and the auditor expresses no opinion on it. (AU-C 265.A33)
- The introductory paragraph of the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS contained incorrect language and was not in the correct format. (GAS 4.18; GASCA 4.54d)
- The Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS failed to include whether any significant deficiencies were disclosed. (GAS 4.25-.27; GASCA 4.54j)
- The Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS date was incorrect. (GASCA 4.54w)
- The Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS added a statement that management's response to findings was not audited and the auditor expresses no opinion on it; however, there were no findings disclosed. (AU-C 265.A33)

IIIC - Reporting – A-133 Report

- Various required heading and sub-headings were missing or inappropriately titled. In some instances paragraphs were not in the correct order. (AU-C 935.30d; GASCA 13.26e, AU-C 935.30e)
- The Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 date was incorrect. (AU-C 935.30l)

IIID - Schedule of Expenditures of Federal Awards (SEFA)

- Some pass through numbers on the SEFA were omitted, especially for noncash programs. (A-133 §__.310(b)(2))

Other Findings (Continued)***IIIE - Schedule of Findings and Questioned Costs***

- The Schedule of Findings and Questioned Costs should contain a statement whether any significant deficiencies or material weaknesses in internal control over financial statements or major programs were disclosed by the audit. However, auditors should not state no significant deficiencies were identified. The statement should instead use the term “none reported” as required by the AICPA Audit Guide. (*OMB Circular A-133.505.d.1.ii, iv; AU-C 265.16*)
- The Schedule of Findings and Questioned Costs stated “No” to Non-Compliance in Financial Statement, however, Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS.
- The Schedule of Findings and Questioned Costs used incorrect language. (*OMB Circular A-133 .505(d), .510(a); GASCA 13.33-39*)
- Schedule of Findings and Questioned Costs failed to report whether any significant deficiencies or material weaknesses were disclosed in financial statements and major programs. (*AU-C 265.161*)

IIIF - Corrective Action Plan

- There were no findings in this area for any of the reports reviewed.

IIIG - Summary Schedule of Prior Audit Findings

- Summary of Prior Audit findings was not formatted correctly.

IIIH - Management Letters

- The management letter did not report on the status of previous management letter comments and the progress toward the resolution of concerns identified during the preceding audit. (*GASCA 4.72 and 4.73; Independent Auditor's Contract*)
- The management letter reported certain matters were communicated, but there were no matters reported in current year’s management letter.
- The management letter included significant deficiencies and/or material weakness findings which are normally not included as a management letter issue.